



DATE: June 20, 2017

CATEGORY: New Business

DEPT.: Public Works

TITLE: **Community Center Remodel, Project 17-32 – Amend Project Budget and Award to the Low Bidder for the Second Phase Construction Project**

RECOMMENDATION

1. Appropriate and transfer \$2,200,000 from the Park Land Dedication Fund (as detailed in Attachment 1 to the Council report) to the Mountain View Community Center Remodel, Project 17-32, for a total project budget of \$23,550,000. (Five votes required)
2. Award the construction contract for the Mountain View Community Center Remodel Second Phase to BHM Construction, Inc., for \$16,793,664, which includes Additive Bid Alternates 1 and 4.b., and approve a construction contingency of \$1,680,000.

BACKGROUND

In March 2015, the City Council approved the conceptual layout of the Community Center followed by Council approval of the schematic design in June 2015. The project adds approximately 6,800 square feet to the existing 21,800 square foot building, for a total square footage of approximately 28,600. The planned renovation and expansion will update the architectural character and add functionality to the Community Center while replacing all building systems with modern and more efficient equipment. The project will also obtain LEED (Leadership in Energy and Environmental Design) Silver® certification per City policy. In addition to the building improvements, the project includes a new signalized driveway on Rengstorff Avenue aligned with Stanford Avenue and new water, sewer, and electrical services for the park.

In March 2017, City Council approved the plans and specifications for two project phases. The first phase includes off-site construction of a new traffic signal at Rengstorff Avenue at Stanford Avenue as well as various utilities to support all of the facilities in Rengstorff Park, including the remodeled Community Center. The second phase package includes construction of the Community Center remodel and expansion,

as well as all of the on-site civil, utility, and landscape improvements. The March 2017 Council report identified that there were a range of construction cost estimates – some as high as \$2 million above the current budget due to Statewide and regional factors affecting material and labor costs. The report also advised that staff would return to Council should bids exceed the budget.

ANALYSIS

Bids Received – First Phase “Off-Site” Construction:

On April 27, 2017, two bids were received for the first phase. The initial apparent low bidder failed to submit qualifying experience and was therefore deemed nonresponsive. The sole remaining responsive bid was approximately 80 percent above the Engineer’s Estimate due in part to lower-than-expected participation by key underground utility subcontractors. With a clarified project title and allowing contractors the option to begin construction after school starts in late August, staff anticipated better results if the project was rebid. On May 23, 2017, Council rejected all bids and authorized staff to readvertise the project for public bid.

On June 12, 2017, four bids were received from the readvertised project ranging from \$1,372,820 to \$1,684,436. The low bid price is approximately \$350,000 lower than the sole responsive bid from the first bidding process. Staff is reviewing the bids and is planning to recommend award of a construction contract on June 27, 2017.

Bids Received – Second Phase “On-Site” Construction:

On May 18, 2017, the City received bids from 3 of the 11 prequalified General Contractors for the second phase (see Attachment 2 for full bid results). The bids were reviewed and found to be responsive. No irregularities were noted by staff, and no bid protests were received. In discussions with the remaining eight prequalified contractors who did not submit bids, staff heard one or more of the following explanations:

1. The contractors were too busy or had recently secured another large contract;
2. There were a large number of projects on the market to choose from;
3. They were prioritizing bidding on “new-building” over remodel projects;
4. The general contractor was having difficulty securing certain subcontractors.

The bid package includes a “Base Bid” and a number of additive and deductive alternates that can be selected if Council is interested in doing so to bring the contract amount closer to the budget.

The bid results from the low bidder, BHM Construction of Napa, are shown in Table 1.

Table 1 – Second Phase Bid Results

	Base Bid	Bid Alternates (1 through 7)	TOTAL BID ¹	
Engineer’s Estimate	\$16,978,000	284,000	\$17,258,000	N/A
<i>Current Construction Budget (Second Phase)</i>	<i>\$15,207,000</i>	<i>N/A</i>	<i>N/A</i>	
BHM Construction Inc., Napa, CA	\$16,433,664	(\$237,200)	\$16,206,464	

Notes:

¹ The “Total Bid” includes all base bid work plus all bid alternates and is used solely to identify the low bidder. Once the low bidder is identified, the City may award any combination of Bid Alternates.

Bid Alternate Analysis:

Four types of bid alternates were included in the bid package, as shown below with the cost from BHM Construction and staff’s recommendation:

Table 2.a: Additive Alternates			
Alt. No.	Description	Cost or (Savings)	Recommendation
1.	Solar System	\$169,000	Include
<p><u>Notes:</u> The photovoltaic (PV) solar system will generate approximately 65,000 kWh/year, which is about 14 percent of the energy requirement for the remodeled facility. A larger system was not possible due to rooftop space limitations and shading from trees.</p>			
<p><u>Recommendation:</u> While the City is currently purchasing 100 percent renewable power, staff recommends installation of solar panels on the Community Center. After the anticipated 2015-16 year payback period, the power will be available at no cost to the City.</p>			

Table 2.b: Lower-Quality Inner Courtyard Materials			
Alt. No.	Description	Cost or (Savings)	Recommendation
2.	Simplify exterior materials at eaves and walls.	(\$17,800)	Do not include
3.	Simplify exterior materials at eaves and walls and omit cedar wood finish at structural fins.	(\$54,000)	Do not include
<p><u>Notes:</u> In the Base Bid, courtyard materials include cedar wood siding on the eaves and structural concrete fins (or “buttresses”). Alternates 2 and 3 would simplify these materials by replacing them with plaster and paint. Bid Alternates 2 and 3 have overlapping scope elements with Alternate 3 having a greater reduction in scope. Alternates 2 or 3 can be selected for award, but not both.</p>			
<p><u>Recommendation:</u> Recognizing the relatively small savings by selecting either Bid Alternate 2 or 3 and the visual impact of simplifying the exterior materials, staff does not recommend selecting either alternate.</p>			

Table 2.c: Cedar Siding Options			
Alt. No.	Description	Cost or (Savings)	Recommendation
4.a.	Cedar Alternate A: For cedar wood siding and eaves, substitute James-Hardie “Artisan V-Rustic” fiber cement siding and soffits.	(\$27,000)	Do not include
4.b	Cedar Alternate B: For cedar wood siding and eaves, substitute Trespa “Pura NFC” siding and soffits.	\$181,000	Include
4.c	Cedar Alternate C: For cedar wood siding and eaves, substitute “Longboard” Mayne Coatings Corp. siding and soffits.	\$66,000	Do not include

Table 2.c:	Cedar Siding Options
<p><u>Notes: Description:</u> The base bid includes stained Western red cedar siding on the exterior walls, structural fins, and soffits. Alternate 4.a replaces cedar with painted fiber-cement “Hardi-Plank.” While Hardi-Plank is less expensive, this material would not significantly change the funding requirements for the project and would diminish the aesthetic quality of the project.</p> <p>Alternate 4.c (“Longboard”) is an aluminum siding with factory-applied photographic wood-grain finish. While more durable and lower maintenance than cedar, this material is not as durable as Trespa.</p>	
<p><u>Recommendation:</u> Alternate 4.b – Replace cedar with a solid phenolic (or “resin”) panel system (“Trespa Pura”) with a high-pressure laminate finish that looks like wood but is very durable and has a very low maintenance profile. It will never need painting or restaining and is scratch, impact, and graffiti resistant.</p>	

Table 2.d:		Scope Reductions	
Alt. No.	Description	Cost or (Savings)	Recommendation
5.	Simplified Ceilings: Omit skylights and raised ceilings, simplify ceilings where indicated using standard acoustical ceiling tiles.	(\$114,000)	Do not include
6.	Sunshade, Fiber Reinforced Panels (“FRP”), Wainscot, and Site Benches: Omit sunshades and site benches, and substitute epoxy paint for FRP panels and ceramic tile.	(\$102,000)	Do not include
7.	East Parking Area – Omit: Omit improvements to east parking lot area – install utilities and patch paving only.	(\$338,400)	Do not include

Table 2.d:	Scope Reductions
<p><u>Notes:</u></p> <p>Alternate 5 removes several skylights and wood ceiling areas and replaces them with standard office acoustical tile.</p> <p>Alternate 6 omits multiple sunshades, downgrades protective wall materials in wet areas from Fiberglass Reinforced Plastics (FRP) and ceramic tile wainscots to epoxy paint, and eliminates multiple site benches.</p> <p>Alternate 7 eliminates all site improvements in the East Parking Lot and adjacent areas with the exception of utilities and asphalt patching.</p>	
<p><u>Recommendation:</u> None of these scope reductions are recommended by staff for the following reasons:</p> <p>Alternate 5 – This alternate greatly reduces the amount of natural light and eliminates key architectural features in the main lobby and administrative offices. Keeping these features also helps with securing LEED credits for natural lighting.</p> <p>Alternate 6 – While lowering initial costs, this alternate risks increasing the solar heat gain in the rooms where the sunshade is eliminated. The lower-quality wainscot material will reduce the durability over the base bid tile and FRP wall coverings.</p> <p>Alternate 7 – This alternate is not recommended because omitting these site improvements would reduce the overall parking count by 13 spaces and the daycare would lose its car turnout for drop off and pick up of children.</p>	

With the staff-recommended alternates, the estimated project cost and funding needed are shown in Table 3.

**Table 3 – Total Funding and Costs – First and Second Phases
With Staff-Recommended Alternates**

	First Phase (Off-Site) ¹	Second Phase (On-Site)	Total
Design Budget	\$ 287,000	\$ 2,311,000	\$ 2,598,000
Construction Budget	1,223,000	22,071,000	23,294,000
<i>(all sources)</i>	\$1,510,000	\$24,382,000	\$25,892,000
Design Costs	287,000	2,311,000	2,598,000
Construction Costs	1,707,000	23,796,000	25,503,000
Totals	\$1,994,000	\$26,107,000	\$28,101,000
Surplus/(Shortfall)	(484,000)	(1,725,000)	(2,209,000)
Utility CIP Budget Adjustments	50,000	47,000	97,000
Net Funding Needed	\$ 434,000	\$ 1,678,000	\$ 2,112,000
Funding Requested ²	\$ 480,000	\$ 1,720,000	\$ 2,200,000

Notes:

¹ First Phase Construction Costs are pending evaluation of bids.

² Staff recommends rounding the funding increase up to \$2.2 million to provide a project-wide contingency to address any intra-phase conflicts that may arise.

Council can select a variety of different options of alternates, resulting in a large number of possible combinations. For comparison, if Council selected all cost-saving alternates and no additive alternates, the estimated project cost would be as shown in Table 4.

**Table 4 – Total Funding and Costs – First and Second Phases
With All Cost-Saving Alternates**

	Total
Design Budget	\$ 2,598,000
Construction Budget	23,294,000
<i>(all sources)</i>	\$25,892,000
Design Costs	2,598,000
Construction Costs	24,350,000
Totals	\$26,948,000
Surplus/(Shortfall)	(\$1,056,000)
Utility CIP Budget Adjustments	97,000
Net Funding Needed	\$ 959,000
Funding Requested	\$ 1,050,000

By omitting the solar PV system and Trespa finish upgrades and selecting all cost-saving alternates the City would realize a net savings of \$1,154,000. This option would require additional funding in the amount of at least \$959,000. Staff would also still recommend rounding up the funding increase to \$1,050,000 to provide a project-wide contingency to address any intra-phase conflicts that may arise.

If Council awards the recommended contract, construction will begin in August 2017 and be completed by early 2019.

FISCAL IMPACT

The design and construction of both phases of the project are funded from multiple sources and are comprised of numerous scope elements. The funding and estimated costs of both phases, including the funding sources, are shown in Attachment 3. A summary table of initial and final funding per project is show in Attachment 4. The primary funding source is the Park Land Fund, with additional funding from the Water and Wastewater Funds for portions of the utility work.

As a Citywide asset, improvements can be made to the Community Center with Park Land funds from any of the City’s open space planning areas. Staff recommends additional Park Land funds to fully fund the project, and the list of recommended sources of those funds is included in Attachment 1. Park Land Dedication funds from the San Antonio neighborhood are recommended as Rengstorff Park is located in the

San Antonio area. The other development contributions were selected primarily from the Miramonte and Grant planning areas, as these neighborhoods have more park land per capita than other planning areas, such as Whisman and Stierlin. In addition, some of the contributions are relatively small dollar amounts that are more effectively combined in a Citywide project such as the Community Center, as they are far too small for an improvement in the neighborhood.

An alternative to Park Land Dedication Fund for the budget shortfall is the Shoreline Community Public Benefit Fund (from the Broadreach project) which is currently projected to have a balance of \$5.4 million at the end of Fiscal Year 2017-18.

CONCLUSION

The replacement or substantial remodel of the Community Center has been a goal of the City for many years, dating back to the 2002 Rengstorff Park Master Plan. After substantial effort, bids have been received for the work, and staff recommends awarding a construction contract. In addition to remodeling and expanding the Community Center and associated site work, the project includes a traffic signal on Rengstorff Avenue that will facilitate pedestrian travel, upgrades to the electrical system serving all facilities in Rengstorff Park, and the completion of the water system loop between Escuela Avenue and Rengstorff Avenue that was partially constructed with the new Senior Center.

Costs are higher than originally anticipated, in no small part due to the bid climate resulting from the high level of local development activity. While creating upward pressure on construction prices, this activity has also resulted in a relatively high amount of Park Land funding needed to build the project.

Though adding cost, staff also recommends that the additive alternates for a PV system and upgraded materials be included in the contract. Staff considers the long-term community benefit of building to our standards to outweigh the cost, which is relatively small compared to the overall project cost.

ALTERNATIVES

1. Increase the project budget by \$1.05 million and award with all cost saving bid alternates.
2. Direct staff to reduce scope further so that the project will be within available funds and rebid the project.

3. Select another combination of bid alternates.
4. Provide other direction.

PUBLIC NOTICING

Agenda posting, and Citywide neighborhood associations and Nextdoor (website) neighborhoods within 1,000' of the project received notices of this meeting.

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- Attachments:
1. Recommended Park Land Dedication Commitments
 2. Bid Results for Second Phase Construction
 3. Funding and Estimated Costs - All Phases (*to follow under separate cover*).
 4. Total Costs/Budgets by Project (*to follow under separate cover*).

cc: APWD – Solomon, TE, RM – Marchant, PCE – Macaraeg, SAA – Ruebusch, AAI – Goedicke, AE – Galang, AAI – Doan, F (17-32)