



STAFF REPORT

Consideration of Contract Award for the Police Department/City Hall Project (CCN 415-A)

Honorable Mayor and Council Members

Summary

On July 22, 2003 the City Council approved the plans and specifications for the Police Department/City Hall project and directed staff to issue them to the pre-qualified bidders. The project includes, but is not limited to, the seismic retrofit of City Hall and the addition of 8,000 square feet. Bids were opened on October 1 and the lowest responsible bidder was Thompson Pacific at a price of \$6,975,000 for the base bid. This is approximately 8.5% over estimates. This report provides a number of alternatives for Council to consider. Staff recommends awarding the contract to Thompson Pacific.

Background

Efforts have been underway for quite some time to develop an alternative to the sub-standard facility currently used by the Police Department. The police moved into the current building in the late 1970's, as a "temporary" location. In 1989, a firm was hired to develop a conceptual plan for Civic Center and in 1996 the same firm was hired to design a new police building. That effort did not come to fruition and in 1998, EKONA was hired to design the retrofit of City Hall for the police to move in. In late 2001, after bids came in 52% over estimates, the City Council rejected the bids for the City Hall/Police Facility Retrofit project and directed staff to come back with options for a new Police facility and renovations of City Hall to include a "One-Stop" Permit Center. In May of last year, Council directed staff to pursue "Option E," the concept of seismically retrofitting the existing City Hall and moving all Police services into the building and in September 2002 the architectural firm of KMD was hired to lead the effort. Several updates have been provided to Council since that time.

A pre-qualification process was used to identify general contractors and in June, eleven firms were pre-qualified. Bid documents were distributed on August 8 to the list of pre-qualified contractors, as well as to eleven plan rooms. A mandatory pre-bid meeting was held on August 19 and seven of the pre-qualified firms attended. Five addendums to the plans were distributed, including two that moved the bid opening from September 16 to the 17th and then to October 1. There were a total of four "alternates" to the bid, including the fencing around the Police parking area and the decorative ceiling in the Council Chamber.

Discussion

Bids

The following sealed bids were received by the City Clerk's office:

<i>Firm</i>	<i>Base Bid</i>	<i>Alt. 1</i>	<i>Alt. 2</i>	<i>Alt. 3</i>	<i>Alt 4</i>
West Coast Contractors	\$7,066,000	\$102,000	\$43,000	\$26,000	\$62,000
Thompson Pacific	\$6,975,000	\$65,000	\$30,000	\$55,000	\$25,000

The four alternates are as follows:

1. Security fencing around the Police parking area
2. Remove wall covering in existing lobbies and paint
3. Paint and carpeting of existing stairwells
4. Decorative wood beams in the Council Chamber

As determined by the base bid, the low bidder is Thompson Pacific. Staff and our Project Manager have reviewed their bid and all required elements are included. However, the bid is approximately 8.5% over the final cost estimate. Project Manager Keith Anderson with Harris and Associates reviewed the submitted subcontractor costs and compared them to the cost estimate. It appears the primary variances are in the following areas:

- Sitework (utilities, grading, paving) – 31% (\$125,000) over the estimate
- Structural concrete – 29% (\$203,000) over the estimate
- Window system – 43% (\$205,000) over the estimate
- Finishes (carpentry, exterior plaster, drapes, paneling) – 23% (\$196,000) over the estimate

It is Mr. Anderson's belief that the primary factor contributing to the higher than expected bids are that the complexity of the detailing of the addition was not adequately factored in by the estimator. Other possible factors include the uncertainty created by archaeological work and a tenant-occupied building, and the precautionary measures needed to work around the existing post-tensioned slab. In addition, it is clear that having only two bids was not beneficial to the City and might have led to higher bids. The cost estimator states that with 2-3 bids, the estimate can be off by 10-25%. However, in reviewing the Thompson Pacific bid, it is Mr. Anderson's opinion that there does not appear to be "excess or unusual" charges by the general contractor. This, and the fact that the two bids were very close, indicates that going out to bid again with the same plans may not yield a significantly different outcome. Mr. Anderson believes we *might* save \$100,000 - \$200,000.

While we do not have definitive reasons from all the firms that did not bid, we did get the following feedback: 1) several firms indicated they had received sufficient work since the pre-qualification that they were no longer interested; 2) one firm indicated that upon closer examination, this was not their kind of job; 3) one firm had difficulty meeting our insurance requirement; and 4) one firm said they intended to bid but missed the deadline.

Options

Given that the bids were over the estimate, and the budgeted resources, Council should consider a number of options.

1. Award contract at base bid

Pro: keeps the project moving forward; fastest way to final outcome; previously spent money not wasted; bid is \$800,000 less than previous proposal; save money by not doing alternates; some alternates may be able to be added if funds are available at the end of the project.

Con: additional resources required to fund; alternative community priorities may be foregone or delayed; the alternate elements of the project will not be included.

2. Award contract with any/all alternates

Any combination of alternates can be selected. It is staff's opinion that alternate one is a less integrated part of the project and could likely be done for less money as a separate contract at the end of the project or later, depending on the availability of resources. In addition, the wood fence could probably be redesigned in a simpler fashion without fundamentally changing the look of it. Thus, if Council were to approve alternates, staff recommends that only 2-4 be included at this time.

Pro: the project would be done right the first time; there are likely efficiencies to be gained by doing painting and carpeting as part of the larger contract; the ceiling in the Chamber could not be easily added later.

Con: additional resources required to fund; alternative community/facility priorities may be foregone or delayed.

3. Award the contract but work with contractor on "deducts" to lower the cost

The City has the right to request "deducts" during the course of the project. The construction manager would ask that certain items be removed from the plans and a credit given to the City. Examples of things that might be deducted include: the curtains in the Chamber, some landscaping, the motorcycle enclosure, etc.

Pro: keeps the project moving forward; achieves some savings; boosts the contingency.

Con: it is unlikely the City would get 100% of the value of the deducted item as a credit; some elements of the project would be eliminated or delayed.

4. Reissue plans immediately and hope to attract additional bidders

Pro: hope to get additional bidders, thus more competition and possibly a lower bid.

Con: would delay the project 5-8 weeks; no guarantee more firms would bid or the price would be lower; there are some costs associated with rebidding; would need an exception to begin grading in

winter.

5. Redesign the project in order to achieve cost savings

The City could ask the architect to redesign the project. Preliminary discussions have identified two areas that could be changed *relatively* easily that might yield significant savings: 1) “mothballing” the Chamber (build the shell, but no finishes); 2) changing the structural glass façade to a plain glass front. It is estimated these changes could save about \$350,000. Beyond that, it is staff, the Project Manager, and the design team’s opinion that significant savings would only come from a fundamental change to the design (eliminating the curved entry, eliminating program elements, etc.).

Pro: savings would be achieved.

Con: it is unlikely the entire funding gap could be filled by savings; the appearance of the building would change; no Chamber would be available for Council, commissions or special meetings and events; it would take about 4-6 weeks to redesign and then another month plus to rebid; there would be some costs associated with redesign and rebidding.

6. Reject all bids and reconsider options

Pro: a less expensive option could be developed.

Con: significant delays would be incurred, probably 1-2 years; significant additional costs would be incurred; time and costs spent to date would be wasted.

Financing

The low bid exceeds the funds currently budgeted for this project.

Budget (original)	
Proceeds from loans	\$1,000,000
Proceeds from RDA bonds (94A)	2,230,360
General Fund	500,000
Variable Rate Note	2,503,153
Transfer from General Facilities	210,000
Escrowed Interest	652,617
Federal funds	248,000
Proceeds from RDA bonds (99A)	1,638,870
Subtotal	\$8,983,000
Additional Available	
State grant	\$133,000
Additional escrowed interest	14,000
Reimbursements	50,000

Subtotal Existing Available	\$9,180,000
Less:	
Project to date expenses	\$1,481,000
Non-construction expenses	850,000
Base construction	6,975,000
Contingency	569,100
Sub-total Expenses	\$9,875,100
<i>Bid Alternates</i>	
Accept Bid Alternates #2, 3 & 4	110,000
Net Additional Required	\$805,100
<i>Supplemental Funding Sources</i>	
Proceeds from RDA bonds (99A)	400,000
ERAF Refund	155,100
Transfer from General Facilities	250,000
Supplemental Funding	\$805,100

Bridging the Gap

In March, when an update on this project was brought to Council, direction was sought regarding using up to \$2 million in 99A RDA funds for the project. While the desire of Council was not to spend the full amount, there appeared to be consensus that it would be acceptable to spend that much. The current budget assumes only \$1.64 million.

In April, 2002, Council reviewed and approved a five year spending plan for the RDA. At that time, Council deliberately left \$3.6 million unallocated so it could be spent on other priorities; the Police Department/City Hall project was discussed as one of those items. Staff is planning on bringing back the RDA capital spending plan for a comprehensive review and update in the next four months. However, a decision on how much beyond the \$1.64 million, if any, to allocate to this project is needed now.

Given that Council appeared comfortable allocating \$2 million to this project, staff recommends an additional \$400,000 in additional RDA funds be allocated to the project.

Other sources of funds could include the recently announced “windfall” of ERAF property tax from the County of \$155,100. Since this is a one-time revenue source, it is appropriate to use for a capital project.

Finally, staff believes a transfer of \$250,000 from the General Facilities Fund is possible and appropriate. This would be used to pay for the new furniture, as well as other facility improvements such as painting, carpeting and carpentry.

This combination of funds would be sufficient to pay for the project, including alternates and provide for a more reasonable contingency of 8.2%.

Next steps

If Council is interested in one of the alternative options and desires additional analysis, the bids are good for 60 days and staff could report back at a future meeting.

Should Council award the contract, the tentative timeline calls for construction to begin by mid-November, with a groundbreaking tentatively scheduled for November 12. City offices are likely to move around the end of October.

Neighbors were notified of this agenda item and of the tentative timeline. In addition, should Council authorize moving forward, a press release will be issued regarding the move dates for City Hall and the location of temporary offices during construction.

Fiscal Impact

The FY04 CIP accounts for the total project cost of \$8.99 million (including non-construction costs). The discussion above notes additional funds totaling \$.89 million, exclusive of the bid alternates totaling \$.11 million, would be allocated to the project if the contract is awarded.

If approved by Council, a resolution amending the FY 2004 Budget and authorizing the sources and uses of these funds as outlined above will be prepared as part of the Mid Year Review.

Recommendation

Staff recommends Council award the contract for the Police Department/City Hall Project (CCN 415-A) to Thompson Pacific with alternates 2, 3 and 4.

Alternatives

- 1) Award contract at base bid
- 2) Award the contract but work with contractor on “deducts” to lower the cost
- 3) Reissue plans immediately and hope to attract additional bidders
- 4) Redesign the project in order to achieve cost savings
- 5) Reject all bids and reconsider options

Attachments

- A. Resolution awarding contract to Thompson Pacific

Respectfully submitted,

Daniel Rich
Assistant City Manager

Jere A. Kersnar
City Manager

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT AWARDED
POLICE DEPARTMENT/CITY HALL PROJECT (CCN 415-A) TO THOMPSON-
PACIFIC.**

WHEREAS, the City of Belmont desires to retrofit and remodel City Hall to allow the Police Department to move in; and,

WHEREAS, pursuant to Resolution 9452 adopted by Council on July 22, 2003, bids for the Police Department/City Hall Project were solicited, received and opened on October 1, 2003; and,

WHEREAS, funding for the Police Department/City Hall Project is available in account #305-4510-2055 and additional funds will be transferred as part of the Mid-Year Review;

NOW, THEREFORE, BE IT RESOLVED, that

1. The City Council hereby awards the contract for doing the work and improvements and furnishing the materials, supplies and equipment to be furnished by the lowest responsible bidder, to Thompson-Pacific in the amount of \$6,975,000. This amount being the base bid for the project. A contingency of \$569,100 is also authorized. Said award is contingent upon the verification of all required documentation.
2. That Council also awards alternatives 2, 3 and 4 in the amount of \$110,000 to Thompson-Pacific.
3. Council authorizes the City Manager to make and enter into a written contract, approved as to form by the City Attorney, with said bidder, and to receive and approve all bonds in connection therewith.

* * * * *

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of Belmont at a regular meeting thereof held on October 14, 2003 by the following vote:

AYES, COUNCILMEMBERS: _____

NOES, COUNCILMEMBERS: _____

ABSTAIN, COUNCILMEMBERS: _____

ABSENT, COUNCILMEMBERS: _____

CLERK of the City of Belmont

APPROVED:

MAYOR of the City of Belmont