TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: PUBLIC WORKS

DATE: AUGUST 4, 2008

CMR: 334:08

SUBJECT: ADOPTION OF A BUDGET AMENDMENT ORDINANCE AMENDING THE BUDGET FOR FISCAL YEAR 2008-09 TO PROVIDE AN ADDITIONAL APPROPRIATION OF $3,436,713 TO CAPITAL IMPROVEMENT PROGRAM PROJECT PF-01002; CIVIC CENTER INFRASTRUCTURE IMPROVEMENTS; AND APPROVAL OF CONTRACTS WITH 1) NEXGEN BUILDERS, INC. IN THE AMOUNT OF $498,875 FOR GENERAL INTERIOR/EXTERIOR WORK ITEMS AND FINISHES; 2) ACCO ENGINEERED SYSTEMS, INC. IN THE AMOUNT OF $2,627,228 FOR MECHANICAL AND CONTROLS; 3) ACCO ENGINEERED SYSTEMS, INC. IN THE AMOUNT OF $1,432,530 FOR PLUMBING, FIRE SPRINKLERS AND FUEL OIL SYSTEM; AND 4) ROSENDIN ELECTRIC IN THE AMOUNT OF $488,590 FOR ELECTRICAL AND FIRE ALARM

RECOMMENDATION

Staff recommends that Council:

1. Adopt the attached Budget Amendment Ordinance (BAO) in the amount of $3,436,713 (Attachment A) to provide an additional appropriation for the Civic Center Infrastructure Upgrades, Capital Improvement Program (CIP) Project PF-01002.

2. Approve and authorize the City Manager or his designee to execute the attached contract with Nexgen Builders, Inc. in the amount of $498,875 (Attachment B) for Civic Center Infrastructure Upgrades: General Interior/Exterior Work Items and Finishes - Capital Improvement Program Project PF-01002.

3. Authorize the City Manager or his designee to negotiate and execute one or more change orders to the contract with Nexgen Builders, Inc. for related, additional but unforeseen work which may develop during the project, the total value of which shall not exceed $49,925.

4. Approve and authorize the City Manager or his designee to execute the attached contract with Acco Engineered Systems, Inc. for base bid services in the amount of $2,440,453 plus allowance #1 in the amount of $86,775 and allowance #2 in the amount of $100,000 for a total amount of $2,627,228 (Attachment C) for Civic Center Infrastructure Upgrades: Mechanical and Controls - Capital Improvement Program Project PF-01002.
5. Authorize the City Manager or his designee to negotiate and execute one or more change orders to the contract with Acco Engineered Systems, Inc. for related, additional but unforeseen work which may develop during the project, the total value of which shall not exceed $244,047.

6. Approve and authorize the City Manager or his designee to execute the attached contract with Acco Engineered Systems, Inc. in the amount of $1,432,530 (Attachment D) for Civic Center Infrastructure Upgrades: Plumbing, Fire Sprinklers and Fuel Oil System - Capital Improvement Program Project PF-01002.

7. Authorize the City Manager or his designee to negotiate and execute one or more change orders to the contract with Acco Engineered Systems, Inc. for related, additional but unforeseen work which may develop during the project, the total value of which shall not exceed $143,270.

8. Approve and authorize the City Manager or his designee to execute the attached contract with Rosendin Electric in the amount of $488,590 (Attachment E) for Civic Center Infrastructure Upgrades: Electrical and Fire Alarm - Capital Improvement Program Project PF-01002.

9. Authorize the City Manager or his designee to negotiate and execute one or more change orders to the contract with Rosendin Electric for related, additional but unforeseen work which may develop during the project, the total value of which shall not exceed $48,910.

BACKGROUND
The Civic Center was built in 1969. It houses the majority of the City administrative offices in 86,500 square feet, the police station in 19,000 square feet, and three levels of parking in 250,000 square feet. The building complex has a replacement value approaching $100 million dollars in today’s market. Industry standards recommend spending a minimum of 2% of the building value on maintenance and repairs annually, equating to $2 million per year, to preserve and maintain the building. These expenditures are not for upgrades, improvements or betterments; rather they serve to preserve and maintain the building in continuing good functional condition.

Major electrical and mechanical systems such as the boiler, generator, and fan system components, which are original to the building, are proposed to be replaced or refurbished under these contracts. These systems have exceeded their useful lives and are in need of replacement to provide another 30 years of beneficial use of the building. Service interruptions have occurred and may become more frequent if equipment is not replaced or refurbished as currently scheduled. Mechanical and electrical systems serving the police wing are excluded from the project at this time.

As part of the on-going capital infrastructure maintenance program, a complete building system study of the Civic Center was completed in fiscal year 2002-03. Construction covered under these contracts is based on recommendations made in the Civic Center Building Infrastructure Study dated September 5, 2003 (Attachment F). The study may be viewed at the Public Works Department counter located on the 6th Floor at 250 Hamilton Avenue, Palo Alto, or by contacting...
the Manager of Facilities Maintenance and Projects at 650-496-6973. An elevator upgrade, the
first major infrastructure work, was completed in 2005. Design services for the remainder of the
work identified in FY 2002/03, which includes electrical system upgrades, generator
replacement, mechanical system upgrades, and exterior sealing and painting were awarded in
2005 (CMR:282:05). A contract for Construction Management Services was awarded on
March 10, 2008 to assist City staff with project management during this phase (CMR:160:08).

Due to the overall cost of the project, construction of the major work has been broken into three
phases and will be bid in three stages. Work awarded in this first phase with these four contracts
will include replacement of the main building generator, boiler, and refurbishment or
replacement of major garage and building mechanical and electrical systems. This phase also
addresses various code-required fire and life safety upgrades. Phases two and three will improve
the remainder of the mechanical and electrical systems, including transformers, panels, etc.; and
will include exterior painting and sealing. These phases are expected to be completed over the
next four to five years.

Funding for this and the remaining phases was spread over a period of six years to relieve the
burden on the Infrastructure Reserve. Funds previously set aside were deferred until the project
was bid, allowing for the funds to be used for other projects, and just in time funding for this
phase. Timing of specific items may shift due to condition assessment and availability of
funding.

DISCUSSION
The work to be completed under this phase will be completed by four multiple prime contractors
responsible for: General Interior/Exterior Work Items and Finishes; Mechanical and Controls;
Plumbing, Fire Sprinklers and Fuel Oil System; and Electrical and Fire Alarm. Use of this
multiple prime delivery method, coupled with a construction management firm, provides reduced
overhead cost for the specialty contractors, increases competition for each contract, and
augments project management services of the limited staffing available in-house.

The scope of work under General Interior/Exterior Work Items and Finishes includes jobsite
trailers, fencing, barricades, and dust abatement measures for the full scope of the project;
complete renovation of the Level “A” Restrooms for accessibility; exterior/interior removal and
replacement of floors, walls, and ceilings as required for installations by other trades; digital
concrete scanning for work by all trades; structural infill of floors, walls, and ceilings;
construction of fire rated shafts; and exterior and interior finishes required such as plaster, paint,
tile, etc.

The scope of work under Mechanical and Controls includes the demolition and re-work of all
heating, ventilation, air conditioning and control work for the building supply and return air fan
systems including fan enclosures, coils, and valves; refurbishment of garage fan systems and CO
sensing and control system; testing, repair and replacement of fire and smoke dampers; repair or
replacement of roof exhaust fans; replacement of the HVAC unit serving the second floor
computer room; and all sheetmetal and ductwork as required for the project. This package
includes two allowances which will be awarded with the base bid services. Allowance #1 is for
the repair and replacement of fire dampers in the main air supply ductwork throughout the
building. Allowance #2 is for the replacement of actuator motors in the building’s supply and return fan systems.

The scope of work under the Plumbing, Fire Sprinkler and Fuel Oil System package includes all work related to the emergency generator diesel fuel supply lines; boiler replacement with three modulating boilers; fire sprinkler system modifications; modifications to the chilled and hot water piping systems; supply and installation of all plumbing fixtures; and all piping, pumps, valves, etc. required for work under all contracts.

The scope of work for the Electrical and Fire Alarm package includes all low and high voltage electrical work; fire alarm system modifications; replacement of the building emergency generator; provision of temporary generator during construction; all motors, starters, drives, transformers, lighting fixtures, etc. as required by the project; and electrical system wiring and connections to equipment under all contracts.

Work of all four contractors will be concurrent, with disruptive work scheduled for evenings and weekends. The construction is scheduled to begin September 2008 with completion in summer 2009.

Bid Process
A notice inviting formal bids for the Civic Center Infrastructure Upgrades project was posted at City Hall and sent to 40 contractors and 5 builder's exchanges on June 9, 2008. The bidding period was 36 days. Bids were received from 25 qualified contractors on July 15, 2008, as listed on the attached bid summary (Attachment F).

General Interior/Exterior Work Items and Finishes bids ranged from a high of $885,000 to a low bid of $498,875.

Mechanical and Controls bids ranged from a high of $2,511,840 to a low bid of $2,440,453.

Plumbing, Fire Sprinklers and Fuel Oil System bids ranged from a high of $1,789,239 to a low bid of $1,432,530.

Electrical and Fire Alarm bids ranged from a high of $911,380 to a low bid of $488,590.

Contractors not responding indicated they did not bid due to their workload, the size of the project, the complexity of working in an occupied building, and unfamiliarity with some of the building’s systems.

<table>
<thead>
<tr>
<th>Summary of Bid Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bid Name/Number</td>
</tr>
<tr>
<td>Proposed Length of Project</td>
</tr>
<tr>
<td>Number of Bid Packages Mailed to Contractors</td>
</tr>
<tr>
<td>Number of Bid Packages Mailed to Builder’s Exchanges</td>
</tr>
<tr>
<td>Total Days to Respond to Bid</td>
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Pre-Bid Meeting: June 19, 2008

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
<th>Bid Price Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Company Attendees at Pre-Bid Meeting</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Number of Bids Received: General Interior/Exterior Work Items and Finishes</td>
<td>6</td>
<td>$498,875 - $885,000</td>
</tr>
<tr>
<td>Bid Price Range</td>
<td>$498,875 - $885,000</td>
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<tr>
<td>Number of Bids Received: Mechanical and Controls</td>
<td>2</td>
<td>$2,440,453 – $2,511,840</td>
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<tr>
<td>Bid Price Range</td>
<td>$2,440,453 – $2,511,840</td>
<td></td>
</tr>
<tr>
<td>Number of Bids Received: Plumbing, Fire Sprinklers and Fuel Oil System</td>
<td>2</td>
<td>$1,432,530 – $1,789,239</td>
</tr>
<tr>
<td>Bid Price Range</td>
<td>$1,432,530 – $1,789,239</td>
<td></td>
</tr>
<tr>
<td>Number of Bids Received: Electrical And Fire Alarm</td>
<td>3</td>
<td>$488,590 – $911,380</td>
</tr>
<tr>
<td>Bid Price Range</td>
<td>$488,590 – $911,380</td>
<td></td>
</tr>
</tbody>
</table>

*Bid summary provided in Attachment G. The Certification of Nondiscrimination forms are Attachment H.*

Staff reviewed all bids submitted for General Interior/Exterior Work Items and Finishes and recommends that the bid of $498,875 submitted by Nexgen Builders, Inc. be accepted and that Nexgen Builders, Inc. be declared the lowest responsible bidder. The change order amount of $49,925 which equals ten percent of the total contract is requested for unforeseen conditions which may be discovered during construction.

Staff reviewed all bids submitted for Mechanical and Controls and recommends that the bid of $2,440,453 plus allowances submitted by Acco Engineered Systems, Inc. be accepted and that Acco Engineered Systems, Inc. be declared the lowest responsible bidder. The change order amount of $244,047 which equals ten percent of the total contract is requested for unforeseen conditions which may be discovered during construction.

Staff reviewed all bids submitted for Plumbing, Fire Sprinklers and Fuel Oil System and recommends that the bid of $1,432,530 submitted by Acco Engineered Systems, Inc. be accepted and that Acco Engineered Systems, Inc. be declared the lowest responsible bidder. The change order amount of $143,270 which equals ten percent of the total contract is requested for unforeseen conditions which may be discovered during construction.

Staff reviewed all bids submitted for Electrical and Fire Alarm and recommends that the bid of $488,590 submitted by Rosendin Electric be accepted and that Rosendin Electric be declared the lowest responsible bidder. The change order amount of $48,910 which equals ten percent of the total contract is requested for unforeseen conditions which may be discovered during construction.

The engineer’s estimate of $5,911,700 was prepared based on the project award as a whole. Breakdown was not provided in a way to compare the four individual packages. The total of $5,047,223, including allowances, for the four contracts is fifteen percent below the engineer’s
estimate of $5,911,700. This cost reduction is in large part due to splitting this phase of the project into four distinct construction contracts.

Staff confirmed with the Contractor's State License Board that contractors have active licenses on file. Staff checked references supplied by the contractors for previous work performed and found no significant complaints. Certifications of Nondiscrimination are provided in Attachment G.

**RESOURCE IMPACT**

The Civic Center Infrastructure Upgrades Project has had a cumulative appropriation of $7,494,000 since fiscal year 2000-01. A significant amount of this appropriation paid for the complete building study in 2002-03, elevator upgrade, design services in 2005, and construction management awarded in March 2008. The remaining balance of the appropriation of $2,546,662 is not sufficient to pay the costs for this phase of the project. An additional appropriation of $3,436,713 is needed to fund this phase, which includes mechanical, electrical, accessibility, and fire/life safety work and other related costs. The proposed funding request for this project will bring the total appropriation to $10,930,713. Details of the costs are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Nexgen Builders, Inc. – for general interior/exterior work items and finishes*</td>
<td>$ 548,800</td>
</tr>
<tr>
<td>ACCO Engineered Systems, Inc.- for mechanical and controls*</td>
<td>$2,871,275</td>
</tr>
<tr>
<td>ACCO Engineered Systems, Inc. – for plumbing, fire sprinklers and fuel oil system*</td>
<td>$1,575,800</td>
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<tr>
<td>Rosendin Electric - for electrical and fire alarm*</td>
<td>$ 537,500</td>
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<tr>
<td>Green building consultant</td>
<td>$ 200,000</td>
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<tr>
<td>Testing services</td>
<td>$ 75,000</td>
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<tr>
<td>Hazardous materials removal</td>
<td>$ 125,000</td>
</tr>
<tr>
<td>Other miscellaneous expenses</td>
<td>$ 50,000</td>
</tr>
<tr>
<td><strong>Total Estimated Costs</strong></td>
<td><strong>$5,983,375</strong></td>
</tr>
<tr>
<td>Existing appropriation balance</td>
<td>$2,546,662</td>
</tr>
<tr>
<td><strong>Additional appropriation needed</strong></td>
<td><strong>$3,436,713</strong></td>
</tr>
</tbody>
</table>

*contract amount includes 10% contingency

The Capital Project Fund Infrastructure Reserve (IR) will provide the necessary funding. A Budget Amendment Ordinance (Attachment A) in the amount of $3,436,713 is needed to increase the appropriation to CIP Project PF-01002 (Civic Center Infrastructure Upgrades). The Capital Project Fund IR has a projected balance of $8,157,287 after funding this Project.

It must be noted that Phase 2 and Phase 3 of the Project discussed in the “Background” section of this report will require additional funding resources in the future as proposed in the 2008-13 CIP. The timing for the completion of these phases is dependent on the availability of funding from the IR.
Given the cost of the project and the low balance of the Infrastructure Reserve, an alternate funding source was considered to supplement the project cost. Staff worked with the California Energy Commission (CEC) to determine if their loan program would be of benefit to the City. After review of the project by the CEC, it was determined that the work allowed under their program would be a small portion of the project. Acceptance of the loan would have triggered a requirement for prevailing wage, thereby significantly diminishing any gain from the loan program. Therefore, the CEC loan was not pursued.

POLICY IMPLICATIONS
This recommendation does not represent any change to existing City policies.

ENVIRONMENTAL REVIEW
This project is categorically exempt from California Environmental Quality Act (CEQA) under Sections 15301 and 15302 of the CEQA guidelines as an alteration to an existing facility, and no further environmental review is necessary.

ATTACHMENTS
Attachment A: Budget Amendment Ordinance
Attachment B: Contract for General Interior/Exterior Work Items and Finishes
Attachment C: Contract for Mechanical and Controls
Attachment D: Contract for Plumbing, Fire Sprinklers and Fuel Oil System
Attachment E: Contract for Electrical and Fire Alarm
Attachment F: Building Infrastructure Study, dated September 5, 2003
Attachment G: Bid Summary
Attachment H: Certifications of Nondiscrimination (4)

Copies of the attachments to this CMR:334:08 may be viewed on-line at http://www.cityofpaloalto.org/knowzone/agendas/council.asp; at the Public Works Department counter located at 250 Hamilton Avenue, 6th Floor, Palo Alto or by contacting Karen Smith at 650-496-6973.

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Director of Public Works

CITY MANAGER APPROVAL: KELLY MORARIU and STEVE EMSLIE
Deputy City Managers