



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/21/2021

ITEM NO: 15

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DATE: December 16, 2021

TO: Mayor and Town Council

FROM: Laurel Prevetti, Town Manager

SUBJECT: Corporation Yard Building Replacement Project (CIP No. 821-2302):

- a. Authorize the Town Manager to Approve the Project Plans and Specifications; and
- b. Authorize Advertising the Project for Bid; and
- c. Authorize the Town Manager to Award and Execute a Construction Agreement in an Amount not to Exceed \$763,776, Including Contingencies and change orders; and Authorize Staff to Execute Future Change Orders in an Amount Not to Exceed Fifteen Percent of the Contract Award Amount; and
- d. Authorize the Town Manager to purchase a Prefabricated Steel Storage building from Empire Steel Buildings in an amount not to exceed \$103,939 for the Corp Yard; and
- e. Authorize the Town Manager to Execute Third Amendment to Agreement for Consulting Services with Cuschieri Horton Architects to Extend the Agreement Expiration Date to 12/31/22; and
- f. Authorize an Expenditure Budget Adjustment to the Corporation Yard Building Replacement Project in the Amount of \$135,981 from Available General Fund Appropriated Fund Reserve.

**RECOMMENDATION:**

Staff recommends that the Town Council take the following actions related to Corporation Yard Building Replacement Project (CIP No. 821-2302):

- a. Authorize the Town Manager to approve the Project Plans and Specifications; and
- b. Authorize advertising the project for bid; and

**PREPARED BY:** Matt Morley  
Parks and Public Works Director

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Reviewed by: Assistant Town Manager, Town Attorney, Finance Director, and Parks and Public Works Director

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RECOMMENDATION (continued):

- c. Authorize the Town Manager to award and execute a Construction Agreement (Attachment 1) in an amount not to Exceed \$763,776, Including Contingencies and change orders; and authorize staff to execute future change orders in an amount not to exceed fifteen percent of the contract award amount; and
- d. Authorize the Town Manager to purchase a prefabricated steel storage building (Attachment 2) from Empire Steel Buildings in an amount not to exceed \$103,939 for the Corp Yard; and
- e. Authorize the Town Manager to execute Third Amendment to the Agreement for Consulting Services (Attachment 3) with Cuschieri Horton Architects to extend the agreement expiration date; and
- f. Authorize an expenditure budget adjustment to the Corporation Yard Building Replacement Project in the amount of \$135,981 from available General Fund Appropriated Fund Reserve.

BACKGROUND:

The Town's adopted Fiscal Year (FY) 2018/19 Capital Improvement Program Budget designates funding for Town projects, including Project 821-2302, Building Replacement at the Corporation Yard. This is the second phase in a two phased project in which phase one resulted in the conversion of warehouse space to office space and phase two involves replacing an old portable building, that has been used as staff space and police evidence storage, with a steel storage building.

On October 2, 2018, the Town Council authorized the Town Manager to execute an agreement with Cuschieri Horton Architects for the Design of Corporation Yard Building Replacement and Engineering Tenant Improvement project.

On August 18, 2020, the Town Council authorized the Town Manager to execute a construction contract with DesignTek Consulting Group, LLC. for the construction of phase one of the project which included tenant improvements of engineering staff offices and conversion of warehouse space into staff office space. The phase one construction work has been completed. The maintenance staff has relocated to the new offices and Police evidence has been moved to a temporary trailer in preparation for phase two of the project.

DISCUSSION:

The scope of work for phase two of the project includes demolition of the portable building, installation of water service for fire sprinklers, site work, construction of a concrete foundation for the steel building, and purchase and installation of a steel storage building.

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DISCUSSION (continued):

This project has encountered several unexpected additional costs resulting from testing for hazardous material and resultant abatement in both phases, sewer line re-routing required during the first phase, the addition of a fire sprinkler system including design and installation of a new water line, and steel cost escalation for the prefabricated steel building. The pandemic has also caused labor shortages and increases in labor costs. This results in higher bid prices, further adding to the project cost.

Some of the increase in cost will be offset by purchasing a prefabricated steel building directly from the manufacturer, saving the Town contractor markup costs.

The construction work on phase two is expected to start in March 2022 and take approximately six months to complete. Cuschieri Horton Architects' services will be required through project completion. The extension of the project term will not impact the compensation for the architectural services.

The project plans and specifications are available for review on the Parks and Public Works Capital Improvement Program webpage at [www.losgatosca.gov/108/Capital-Improvement-Program](http://www.losgatosca.gov/108/Capital-Improvement-Program).

CONCLUSION:

Approval of the recommendations allows the project to move forward for purchase of steel building, bidding and award for construction, and budget adjustment due to unexpected additional costs. Construction will be awarded by formal bid to the lowest responsible bidder. The recommended actions would allow for a fifteen percent contingency above the low bid price. Should the lowest bid exceed the authorized not to exceed amount of \$763,776, staff would return to Council for further direction.

COORDINATION:

The design of this project has been coordinated with Community Development Department and County Fire through the building permit process.

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FISCAL IMPACT:

Based on the estimated cost of construction to complete this project, additional funds of \$135,981 will be required. The budget adjustment allows for funding to be in place as required to bid the project. Should favorable bids be received, excess funds would be returned to General Fund Appropriated Reserve (GFAR).

The below table summarizes the anticipated project expenditures. There are sufficient funds available in the GFAR for the additional expenses.

<b>Building Replacement at Corporation Yard Project 821-2302</b>		
	<b>Budget</b>	<b>Costs</b>
Original Budget - GFAR	\$1,915,800	
Approved with this Staff Report	\$135,981	
<b>Total Budget</b>	<b>\$2,051,781</b>	
Phase 1 Construction (Including Contingencies)		\$696,447
Consultation Services (Expense + Encumbrance)		\$263,984
Phase 1 Solutions Office Interiors		\$108,000
Phase 2 Construction (Approved with this Report)		\$763,776
Phase 2 Pre-construction costs		\$15,000
Phase 2 Prefabricated Steel Building Purchase (Approved with this Report)		\$103,939
Other Construction		\$73,664
Modular Unit Rental		\$10,637
Construction Inspection		\$7,443
Equipment Acquisition/Installation		\$6,055
Blueprint/Copy/Postage		\$1,772
Advertising		\$1,064
<b>Total Expenditures</b>		<b>\$2,051,781</b>
<b>Remaining Budget</b>		<b>\$ -</b>

ENVIRONMENTAL ASSESSMENT:

This is a project as defined under CEQA but is Categorically Exempt (Section 15301 a and d). A Notice of Exemption will not be filed.

Attachments:

1. Construction Agreement
2. Proposal for Prefabricated Steel Building
3. Third Amendment Including Prior Agreements with Cuschieri Horton