



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 03/15/2022

ITEM NO: 9

DATE: March 3, 2022

TO: Mayor and Town Council

FROM: Laurel Prevetti, Town Manager

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

- a. Reject all Bids for the Corporation Yard Building Replacement CIP Project No. 821-2302 and Authorize the Town Manager to Rebid the Project; and
- b. Authorize the Town Manager to Execute a Fourth Amendment to Agreement with Cuschieri Horton Architects in an Amount of \$9,390 for a Total Agreement Amount Not to Exceed \$227,840 for Plan Revisions; and
- c. Authorize an Expenditure Budget Adjustment in the Amount of \$600,000 to the Project from Available General Fund Appropriated Reserve and General Fund Capital/Special Projects Reserve.

RECOMMENDATION:

Staff recommends that the Town Council take the following actions:

- a. Reject all bids for the Corporation Yard Building Replacement CIP Project No. 821-2302 and authorize the Town Manager to rebid the project; and
- b. Authorize the Town Manager to Execute a Fourth Amendment to Agreement with Cuschieri Horton Architects (Attachment 1) in an amount of \$9,390 for a total agreement amount not to exceed \$227,840 for plan revisions; and
- c. Authorize an expenditure budget adjustment in the amount of \$600,000 to the Project from available General Fund Appropriated Reserve (GFAR) and General Fund Capital Special Projects Reserve.

BACKGROUND:

The Town's adopted Fiscal Year (FY) 2021/22 Capital Improvement Program Budget designates funding for Town projects, including Project 821-2302, Building Replacement at the Corporation

PREPARED BY: Dan Keller
Facilities & Environmental Services Manager

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

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

DATE: March 3, 2022

BACKGROUND (continued):

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.

On December 21, 2021, the Town Council authorized advertising the project for bid. The project was subsequently advertised for bids and bids were opened on February 3, 2022.

DISCUSSION:

A mandatory pre-bid walk-through was held on January 18, 2022 for prospective bidders to visit the project site before bidding. A total of 8 contractors and sub-contractors attended the pre-bid walk-through. However, only one bid from Premier Builders, Inc. in the amount of \$1,146,104 was received for the project. The bid amount exceeded the \$763,776 amount that Town Council had authorized based on the engineer's estimate.

To address the high bid amount, staff proposes to award the project as two separate contracts, one for demolition and one for construction. This will enable more competitive bidding from specialized contractors in each respective phase.

Cuschieri Horton Architects will provide additional services to simplify the bid package by removing the completed Phase I of the overall project plan set which included the improvements at the Engineering Building and to look for opportunities to remove scope from the project. This will provide more clarity to the scope of work to prospective bidders.

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CONCLUSION:

Approval of the recommendations would allow the project to move forward. Two separate construction contracts would be awarded to the lowest responsible bidders, in alignment with the Procurement Policy.

COORDINATION:

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

FISCAL IMPACT:

Based on the estimated cost of construction to complete this project, additional funds of \$600,000 are required. This is due to the increased costs for construction and materials since the project's conception in 2018. 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 and in the General Fund Capital/Special Projects Reserve for the additional expenses.

Building Replacement at Corporation Yard Project 821-2302		
	Budget	Costs
GFAR	\$2,051,781	
Approved with this Staff Report	\$600,000	
Total Budget	\$2,651,781	
Expenditures to Date (Including Encumbrances)		\$1,396,709
Amendment to Agreement with this Staff Report		\$9,390
Total Expenditures		\$1,406,099
Remaining Budget		\$1,245,682

ENVIRONMENTAL ASSESSMENT:

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

PAGE 4 OF 4

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Attachments:

1. Fourth Amendment including original Agreement and Amendments