



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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### **REPORT TO COUNCIL**

#### **SUBJECT**

Award of Bid No. PW17-36 for Orchard Heritage Park Re-Bid, Determination of Bid Non-responsiveness, Finding of California Environmental Quality Act (CEQA) Categorical Exemption, and Approval of Budget Modification No. 10 to provide \$815,631 in Additional Funding

#### **REPORT IN BRIEF**

Approval is requested to award a construction contract in the amount of \$1,351,328 to Redwood Engineering Construction of Redwood City, for Orchard Heritage Park Re-Bid (Public Works Project No. PR-15/04-16), and a 10% construction contingency in the amount of \$135,132. Approval is also requested for Budget Modification No. 10 to provide additional funding in the amount of \$815,631.

#### **EXISTING POLICY**

Section 1309 of the City Charter requires construction contracts to be awarded to the lowest responsive and responsible bidder.

Pursuant to Chapter 2.09 of the Sunnyvale Municipal Code, City Council approval is required for construction exceeding \$100,000.

Pursuant to Sunnyvale Charter Section 1305, at any meeting after the adoption of the budget, the City Council may amend or supplement the budget by motion adopted by affirmative votes of at least four members so as to authorize the transfer of unused balances appropriated for one purpose to another, or to appropriate available revenue not included in the budget.

#### **ENVIRONMENTAL REVIEW**

Demolition and disposal of the various structures, construction of replacement structures, and construction of new landscaping and associated improvements is categorically exemption from review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15302(b), which allows for the replacement of a commercial structure with a new structure of substantially the same size, purpose, and capacity.

#### **BACKGROUND AND DISCUSSION**

The Orchard Heritage Park Improvements project intends to make the Heritage Park Museum and surrounding area more accessible, usable, and attractive. This will be achieved by removing the cinder block wall separating the museum from the nearby parking lot, relocating the maintenance building and adjacent dumpster enclosure elsewhere on the site, and improving the area between the museum and the parking lot per the direction of the Orchard Heritage Park Master Plan. Upgrades to the site drainage between the orchard and the Heritage Park Museum were added to the project based on Council Study Issue Number DPW 15-10. Callander Associates, a landscape architecture firm, completed the detailed design and preparation of construction documents for the project based

on the conceptual design that was approved by the City Council on April 5, 2016 (RTC No. 16-0182).

In addition to the drainage improvements that were added as a result of the study issue, two other desired improvements arose during the design process that were not specifically identified in the approved project budget. These improvements include a fence surrounding the new staff maintenance area to provide security and screening of tools, equipment as well as water and sewer connections to Michelangelo Drive for a sink in the new maintenance building. It is ideal for Parks staff to have a place to wash their hands after working with equipment and performing maintenance duties. These items were included in the bid documents as "Add Alternates". Pricing for Add Alternate 1, which includes the sewer and water connections to the parks maintenance building, was \$114,000 and Add Alternate 2, which extends fencing around the maintenance area, was \$38,000. Staff recommends including these improvements in the project by awarding both Add Alternates with the contract.

An Invitation for Bids for this project was initially advertised on May 26, 2017, with no bids received. In advance of the re-bid procurement, staff and the design consultant reached out to potential bidders to encourage them to participate in the bidding process. The re-bid was advertised for competitive bidding on July 7, 2017, with twenty general contractors requesting bid documents. Sealed bids were opened on July 28, 2017, with five bids received. The bid summary is contained in Attachment 1. As an important note, the low bid for projects with "add alternates" are solely determined by the base bid amount. The lowest responsive bid was submitted by Redwood Engineering Construction with the base bid amount of \$1,199,328 and two bid alternates totaling \$152,000. While the bids were substantially higher than anticipated, staff recommends moving forward as there is no guarantee that re-bidding the project in the current economic climate will produce a better bid result. Therefore, a Budget Modification in the amount of \$819,570 is recommended for approval so that work can proceed.

The fifth lowest bid was received from Gonsalves & Stronck Construction Company, Inc. of San Carlos, in the amount of \$1,629,793. This bid is considered non-responsive because the bidder did not meet the minimum contractor's license requirements of the bid. Therefore, staff recommends that Council determines that this bid is non-responsive.

### **FISCAL IMPACT**

Total funding in the amount of \$1,486,460 is necessary to fund the contract award and 10% contingency. Funding totaling \$800,000 is allocated in Capital Project 830480 -Orchard Heritage Park. Of this total, the amount currently available for the recommended contract award totals \$670,829. Additional funding in the amount of \$815,631 is recommended in Budget Modification No. 10 to fully fund the contract award.

**Budget Modification No. 10  
FY 2017/18**

|   | <b>Current</b> | <b>Increase/<br/>(Decrease)</b> | <b>Revised</b> |
|---|----------------|---------------------------------|----------------|
| <b>Infrastructure Renovation and Replacement Fund</b>   |                |                                 |                |
| <u>Transfers In</u>   |                |                                 |                |
| Transfer from the Park Dedication Fund (Project 830480-Orchard Heritage Park)                           | \$800,000      | \$815,631                       | \$1,615,631    |
| <u>Expenditures</u>   |                |                                 |                |
| Project 830480-Orchard Heritage Park  | \$800,000      | \$815,631                       | \$1,615,631    |
| <b>Park Dedication Fund</b>   |                |                                 |                |
| <u>Transfers Out</u>  |                |                                 |                |
| Transfer to the Infrastructure Renovation and Replacement Fund (Project 830480 – Orchard Heritage Park) | \$800,000      | \$815,631                       | \$1,615,631    |
| <u>Reserves</u>   |                |                                 |                |
| Capital Projects Reserve  | \$18,684,016   | (\$815,631)                     | \$17,868,385   |

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

**RECOMMENDATION**

1) Make a finding of CEQA categorical exemption pursuant to CEQA Guidelines Section 15302(b) for replacement of a commercial structure with a new structure of substantially the same size, purpose, and capacity; 2) Award a contract in substantially the same form as Attachment 2 to the report and in the amount of \$1,351,328 to Redwood Engineering Construction and authorize the City Manager to execute the contract when all necessary conditions have been met; 3) Approve a 10% construction contingency in the amount of \$135,132; 4) Determine the Gonsalves & Stronck Construction Company, Inc. bid non-responsive; and 5) Approve Budget Modification No. 10 in the amount of \$815,631 to provide additional project funding.

..Staff

Prepared by: Gregory Card, Purchasing Officer

Reviewed by: Timothy J. Kirby, Director of Finance

Reviewed by: Manuel Pineda, Director of Public Works

Reviewed by: Walter C. Rossmann, Assistant City Manager  
Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. Bid Summary
2. Draft General Construction Contract