

REPORT TO COUNCIL

SUBJECT

Award of Bid No. PW20-16 to Hensel Phelps Construction Co. for Civic Center Modernization Phase 1

REPORT IN BRIEF

Approval is requested for authorization for the City Manager to take the following actions related to the Civic Center Modernization Phase 1 Project (Project No. PR-09-06).

- Award a construction contract in substantially the same form as Attachment 2 to the report in the amount of \$174,116,999.92 to Hensel Phelps Construction, Co;
- Authorize the City Manager to execute the construction contract when all necessary conditions have been met; and
- Approve an 8.2% construction contingency in the amount of 14,277,594.

BACKGROUND AND DISCUSSION

Upon completion of the Civic Center Modernization Master Plan (RTC No. 17-0835), City Council provided direction to proceed with design and construction plans for a new Civic Center. On September 25, 2018 Council adopted a resolution to certify the Environmental Impact Report, adopt the Civic Center Master Plan and directed staff to proceed for a Net Zero City Hall Building (RTC No. 18-0799). On December 4, 2018, Council voted to award the Civic Center Phase 1 design contract to SmithGroup (RTC No. 18-1008).

Civic Center Phase I includes the following building and site components:

- A new City Hall building which relocates staff currently in the Main City Hall, City Hall Annex, South Annex and Sunnyvale Office Center into one building;
- An addition to the Department of Public Safety Building, housing an emergency operations center (EOC) and detectives' bureau;
- Renovation of the Public Safety Building to support current operational needs and technology functions;
- Demolition of the existing City Hall, City Hall Annex, South Annex, and Sunnyvale Office Center; and
- Creation of approximately six acres of plazas and open space.

On August 27, 2019 Council approved the Schematic Design, the Highly Recommended and Recommended Cost Saving Strategies, and directed staff to proceed with the design and construction procurement for the Civic Center Phase 1 project (RTC No. 19-0592).

On February 25, 2020 Council awarded the Civic Center Phase 1 construction management services to Jacobs Project Management Co. (RTC No. 20-0168).

An Invitation for Bids was posted on the City's DemandStar public procurement network, distributed to the Bay Area Builders Exchange, provided directly to multiple construction companies and published on the City's website on August 14, 2020. A virtual Mandatory Pre-Bid Conference was held on August 20, 2020. One hundred seventy-three (173) contractors requested bid documents and one responsive bid was publicly opened on September 30, 2020. The bid summary is contained in Attachment 1.

The sole responsive and responsible bid was from Hensel Phelps Construction Co. in the amount of \$174,116,999.92. The bid is approximately 23% below the engineer's estimate of \$225,000,000.

An 8.2% construction contingency is requested for this project. A large sized project typically has a construction contingency allocation of 7% to 10%. The 8.2% allows for standard contingencies to be allocated for the new construction, site work, and tenant improvements. In addition, funds were included in this contingency percentage for a select few items which were removed from the design due to cost concerns but would greatly benefit the project in terms of aesthetics or "future proofing" the building including more durable granite surfacing in some areas and information technology infrastructure upgrades.

Standardized Equipment (Sole Source) Purchasing

Throughout the development of the master plan and the design of the Civic Center Modernization Phase 1, various design elements were identified as proprietary or as sole source items. These items meet either a specific structural, architectural, mechanical, electrical design requirement or an interior design aesthetic. A summary table of the materials to be sole sourced is included as Attachment 3.

EXISTING POLICY

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

Pursuant to Section 2.09.040 of the Sunnyvale Municipal Code, City Council approval is required for public works contracts exceeding \$100,000 in any one transaction.

ENVIRONMENTAL REVIEW

An Environmental Impact Report (EIR) is a required informational document under the California Environmental Quality Act (CEQA) that describes the environmental effects of the project, identifies ways to minimize the significance of the adverse impacts, responds to comments made during the public comment period, and discusses reasonable alternatives to the project that modify the environmental impacts. Certification means that the EIR was completed in compliance with CEQA, that the agency has reviewed and considered the EIR, and the EIR reflects the agency's independent judgment and analysis.

On September 25, 2018 (RTC No. 18-0799), City Council adopted a resolution to:

- a. Certify the EIR;
- b. Make the Findings Required by the California Environmental Quality Act;

- c. Adopt the Statement of Overriding Considerations and Mitigation Monitoring and Reporting Program.

On July 14, 2020 (RTC No. 20-0505), Council voted to approve changes to the Civic Center Modernization Project as described in the Addendum to the Civic Center Environmental Impact Report.

FISCAL IMPACT

Funding for this contract is available in Project 831340 - Civic Center Modernization. The total project budget is \$280 million. It is anticipated that with the savings from the construction bid, will result in final expenditures of approximately \$235 million.

The project is funded by a variety of sources, including General Fund, Park Dedication Funds, Traffic Impact Fee funds, and debt financing. Preliminary work indicates that the project will likely fully expend the Park Dedication allocation and partially expend the Transportation Impact Fee portion, with the majority of the savings coming to the General Fund portion of the project. Staff will closely monitor the expenditures, drawing from the appropriate funding sources as progress payments are made, and return funds to the various funding sources upon project closeout.

PUBLIC CONTACT

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

ALTERNATIVES

1. Take the following actions:
 - Award a construction contract in substantially the same form as Attachment 2 to the report in the amount of \$174,116,999.92 to Hensel Phelps Construction Co.;
 - Authorize the City Manager to execute the construction contract when all necessary conditions have been met; and
 - Approve an 8.2% construction contingency in the amount of \$14,277,594
2. Do not award the construction contract in Alternative 1 and reject the bid
3. Take other action as determined by Council

STAFF RECOMMENDATION

Alternative 1:

Take the following actions:

- Award a construction contract in substantially the same form as Attachment 2 to the report in the amount of \$174,116,999.92 to Hensel Phelps Construction Co.;
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- Approve an 8.2% construction contingency in the amount of \$14,277,594

Prepared by: Gregory S. Card, Purchasing Officer

Reviewed by: Tim Kirby, Director of Finance

Reviewed by: Chip Taylor, Direct of Public Works

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. Bid Summary
2. Draft General Construction Contract
3. Sole Source Table