



Legislation Text

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Report regarding a resolution awarding a construction contract to “O K Construction” of Antelope, California for tenant improvements needed at the City-leased facility at 366 Grand Avenue (Project No.102203; Bid No. 2659) in an amount not to exceed \$210,550.00 and authorizing a total construction budget of \$260,550.00. (*Nell Selander, Interim Director Economic & Community Development, and Ernesto Lucero, Economic Development Coordinator*)

RECOMMENDATION

Staff recommends that the City Council adopt a resolution awarding a construction contract to O K CONSTRUCTION of Antelope, California for tenant improvements needed at the City-leased facility at 366 Grand Avenue (Project No.102203; Bid No. 2659) in an amount not to exceed \$210,550.00 and authorizing a total construction budget of \$260,550.00.

BACKGROUND

On April 14, 2021, City Council approved Resolution 72-2021 appropriating \$2 million for at least two years of operations of a new Economic Mobility Resource Center (Resource Center). On April 28, 2021, City Council approved Resolution 84-2021 authorizing the City Manager to enter into a lease for a vacant commercial space at 366 Grand Avenue to house the Resource Center. While the 366 Grand Avenue property owner is delivering a clean shell space, the City must undertake a tenant improvement to make the space usable for the various services that will occupy the space - JobTrain workforce development services, Renaissance Entrepreneurship Center small business assistance, and other City-partnered non-profit community resources.

DISCUSSION

To define the scope of the tenant improvement project and prepare construction documents to bid and secure a building permit, the City selected William Duff Architects (WDA) through Request for Proposals process. The design process has since been completed, the building permit been applied for and approved, and now for Council’s consideration is the award of a construction contract to complete the tenant improvement.

The scope of the tenant improvement includes defining spaces within the vast, 6,900 square foot vacant space at 366 Grand Avenue. Specifically, the improvements include creating space for the public to enter the building, wait for appointments, inquire about resources, and check in at reception. Once past reception, there will be classroom/event space that is separated by a partition wall from more private cubicle spaces for City staff or visiting non-profits like the YMCA or Legal Aid, which have expressed interest in potentially delivering services on site. The tenant improvement also allows for a separation from the classroom/event space from shared workspaces that will be available to clients of JobTrain and Renaissance, conversion of a telephone closet to a small conference room, and conversion of a bank vault to a larger conference room. Lastly, the scope includes some electrical work, allowing for sufficient electrical sockets to support a modern classroom/work environment, as well as a small change in layout to the men’s restroom to ensure it is ADA accessible.

Construction Procurement Process

Staff advertised a notice inviting bids for the project on August 31, 2021 to the General Contractor community via the City’s ProcureNow platform. On September 8, 2021 a public Pre-Bid site walk (complying with the San

Mateo County Covid-19 protocols) was held to review the project scope and answer questions about the project and bid process timeline. A second Pre-Bid site walk was conducted on September 17, 2021. A total of two addenda were issued between August 31 and September 29, 2021. During the bid period, staff worked closely with the project architect and construction management team to address contractor questions accordingly.

Contractor outreach efforts conducted by the Construction Manager (Kitchell CEM) resulted in nine contractors actively pursuing the project. Ultimately, only five ultimately submitted a bid. The goal of any public bid is to obtain at least three bids for optimum pricing. Having more bidders makes it more likely that one bid will come in at or below the engineer's estimate. The five active bidders remained engaged with the project throughout the bid period having submitted several questions each. The bid results illustrate that having five responsive bidders positioned the City in the best conditions for getting a bid in line with the engineer's estimate.

Review of Bids

On September 29, 2021, staff received and opened bids electronically via the ProcureNow portal. After staff reviewed all the bids, staff determined the lowest responsible bidder was O K Construction of Antelope, California. A post bid-interview was held on October 6, 2021 between O K Construction and Kitchell CEM to review their bid and help ensure contractor understood the scope of work and project requirements. Staff has verified the low bidder's current contractor's license with the California State Licensing Board and found it to be in good standing.

Public Works contracts are ordinarily awarded to the lowest responsible bidder whose bid is responsive to the solicitation (Public Contract Code §20166). Because these projects are locally funded, there are no Disadvantaged Business Enterprise (DBE) requirements. The Project is a prevailing wage project.

The following is a summary of all bids received:

<u>Contractor Name</u>	<u>Grand Total Base Bid Amount</u>
1. O.K. Construction	\$210,550.00
2. VNH Builders	\$212,203.00
3. B.E.A.M. Construction	\$225,000.00
4. Angotti & Reilly, Inc.	\$277,792.00
5. Wickman Development & Construction	\$354,650.00

Metrics: Based on bid numbers received, there is a 0.8% delta between #1 and #2, with bidders #3, #4 and #5 coming in at 7%, 32% and 67% respectively from lowest responsible bidder.

The final Engineer's estimate for the Base Bid was \$250,000.00. The lowest responsible bidder proposal came in under the engineer's estimate by approximately 16%. Competitive bid environment from the five bidders proved very favorable for the City. Analysis and review of recent bids in the Bay Area showed similar competitive bid numbers, below engineer's cost estimates for those smaller scopes of work projects whereby smaller contractors have a much lower overhead cost.

The contractors were asked to bid on a base bid project. Due to the market volatility in the construction industry, the project team included (1) deductive item to mitigate the impact of uncertain pricing. This item could be accepted if the low responsive bid came in significantly different (higher) than the engineer's estimate. This contingency plan is not needed because the low bid is well below the engineer's estimate.

Staff Recommended Contractor and Budget

Staff recommends awarding the construction contract to O K Construction, accepting the Grand Total Bid Price of \$210,550.00, including a \$50,000 construction contingency budget, and not exercising the Deductive Alternate #1.

Staff's recommended project budget is:

Hard Costs:

1. OK Construction (Construction Contract Value)	\$210,550.00
2. Construction Contingency	\$ 50,000.00
Total Construction Budget	\$260.550.00

Construction Contingency

The construction contingency will be used for additional costs related to unforeseen conditions requiring design changes during the construction operations. The contingency will not be used to add additional scope beyond what is necessary to accomplish the intent of the base bid contract. This project is a modernization/improvement of an existing space and there is a greater chance of unknown variables compared to new ground up construction project, thus the project team is confident that a \$50,000.00 construction contingency is adequate.

Any unused contingency will be returned to the \$2 million appropriation for this project. Contingency usage will be closely monitored throughout construction to help ensure costs are tracking appropriately.

Bid Alternates

As a result of inherent variability with public bidding, the project team included a deductive bid alternate to help align bid results to projects construction budget. Alternates included in the bid are listed below. Based on bid results, base bid came in well under engineer's cost estimate allowing alternates identified to be exercised. Staff recommends Council approve the budget for the Grand Total Bid Price. The deductive alternate will not be taken.

Deductive Alternates

1. Owner-Furnished, Contractor Installed (OFICI) bookshelf in lieu of custom bookshelf

Covid-19

Contractors were asked to provide a separate line-item for costs associated with Covid-19-related restrictions applicable to construction work within San Mateo County. Cost for Covid-19 measures required for the project are included as part of the Grand Total Bid Price. Any changes to current Health Orders whereby San Mateo County imposes tighter restrictions will be addressed by use of the project contingency. Staff will provide a report to City Council with next steps to continue construction should restrictions be increased to a degree that construction is stopped.

FISCAL IMPACT

Funding for this project was appropriated on April 14, 2021 by Resolution 72-2021. Therefore, there is no new impact to the General Fund associated with awarding this construction contract and authorizing the project budget.

To diversify funding for the Resource Center to ensure it is not solely funded by the City of South San Francisco and the County of San Mateo (an early partner), the City has sought a \$500,000 Congressional appropriation and a \$1.1 million U.S. Economic Development Administration (EDA) grant for the Center. Staff

is confident both sources of funding will be secured in the coming months.

The Congressional appropriation was approved in the House-approved funding bill, while it is waiting for approval in the Senate. Given the non-controversial nature of this appropriation, the City's contacts in Washington, DC believe securing the appropriation is just a matter of time. Additionally, the City recently received notice from the EDA that \$1.1 million in funds had been reserved for the City's project. The reservation letter was contingent upon submittal of some additional information to the EDA, and the EDA's review of that information. The City responded on October 1, 2021 with this information, one week prior to EDA's deadline of October 8, 2021.

It should also be noted that local companies have contributed to the Resource Center. Lane Partners provided a \$10,000 grant and Genentech has provided a \$50,000 grant to the Center.

RELATIONSHIP TO STRATEGIC PLAN

This item supports the City Council Strategic Goal of prioritizing Economic Vitality which supports local small businesses and workforce development.

CONCLUSION

Staff recommend awarding the construction contract to O K Construction of Antelope, California, for tenant improvements needed at the Resource Center located at 366 Grand Avenue. Approval of this agreement is a necessary step to completing improvements needed to allow for program operations.

Upon approval and awarding of the contract, the selected contractor is expected to begin construction no later than November 1, 2021 with a 60-day construction period. Construction is expected to end by December 31, 2021. Once completed, furniture, carpet, and technology will be installed. The space is expected to open to the public in January 2022.

Attachments:

1. Bid Summary
2. Contractor Bid Proposal (O K Construction)