



## MEMORANDUM

**TO:** CITY COUNCIL

**FROM:** CHRISTOPHER MAGDOSKU, PUBLIC WORKS DIRECTOR

**BY:** JILL MCPEEK, CAPITAL IMPROVEMENT PROJECT MANAGER

**SUBJECT:** CONSIDERATION OF AN AWARD OF CONTRACT TO RK&G CONSTRUCTION, INC. FOR CONSTRUCTION OF THE PUBLIC WORKS BUILDING RENOVATION PROJECT, PW 2015-17

**DATE:** MAY 23, 2017

### RECOMMENDATION:

It is recommended the City Council:

1. Approve the construction plans and specifications for the Public Works Building Renovation Project, PW 2015-17;
2. Find that the project is categorically exempt from CEQA pursuant to CEQA Guidelines Section 15301(a);
3. Direct the City Clerk to file a Notice of Exemption;
4. Award a contract for the Public Works Building Renovation Project to RK&G Construction, Inc. in the amount of \$140,565;
5. Authorize the City Manager to approve change orders for 20% of the contract amount, \$28,113, for unanticipated costs during the construction phase of the project (total construction costs = \$140,565 + \$28,113 = \$168,678); and
6. Reallocate \$2,710 of General Fund cost savings from the Corporation Yard Stormwater Improvements project, and appropriate \$2,629 from the Water Fund, \$2,629 from the Sewer Fund and \$512 from the Local Sales Tax Fund for the project.

### IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

The amended Capital Improvement Program Budget includes \$168,350 for the subject project which is funded 31% from the Sewer Fund, 31% from the Water Fund, and 38% from the Sales Tax Fund. The total cost for the project is currently estimated at \$176,830. Staff is recommending that \$2,710 of General Fund cost saving from the Corporation Yard Stormwater Improvements project be reallocated to this project plus a

**CITY COUNCIL  
 CONSIDERATION OF AN AWARD OF CONTRACT TO RK&G CONSTRUCTION,  
 INC. FOR CONSTRUCTION OF THE PUBLIC WORKS BUILDING RENOVATION  
 PROJECT, PW 2015-17  
 MAY 23, 2017  
 PAGE 2**

\$512 allocation from the Local Sales Tax fund (38%), and that \$2,629 be allocated from the Water Fund (31%) and \$2,629 be allocated from the Sewer Fund (31%) to cover the subject project expenses. The current unallocated Local Sales Tax Fund, Water Fund and Sewer Fund balances are sufficient to fund this request. The proposed project expenditure budget is listed on the following chart.

| <b>EXPENDITURES</b>                                    |                   |
|--|-------------------|
| Construction   | \$ 140,565        |
| Contingency (20% of Contract price)                    | \$ 28,113         |
| Furniture, Fixtures & Equipment (City Installed)       | \$ 2,000          |
| Const Mgt / Inspection / Advertising / Record Drawings | \$ 4,652          |
| Design & Survey  | \$ 1,500          |
| <b>TOTAL PROJECT EXPENDITURES</b>                      | <b>\$ 176,830</b> |

**BACKGROUND:**

On October 8, 2013, the Council approved conceptual design plans for renovations at the Corporation Yard and authorized staff to distribute requests for proposals for architectural and engineering design services. On January 14, 2014, Council approved a design contract with Harris Architecture & Design. On April 15, 2014, the Planning Commission adopted a resolution approving Conditional Use Permit No. 13-004 for the Corporation Yard project.

The project scope of work involved the construction of a single story 2,000 square foot New Administration Building (Building D) and two additive alternates for remodeling specific areas of the Original Building (Building A). The bid documents defined the project components as follows:

**Base Bid - New Administration Building (D)**

Construction of a separate administration building.

**Additive Alternate A - Interior Remodel in Original Building (A)**

Remodel of interior partition walls, plumbing, electrical and finishes creating separate men's and women's dressing rooms and a revised entry.

**Additive Alternate B - Construct Lead Worker's Office in Original Building (A)**

Conversion of the existing Sewer Parts Shop into office space.

On August 18, 2014, nine bids were opened for the project. Due to bid protests and bids exceeding the Architect's Estimate it was recommended that all bids be rejected. On

## **CITY COUNCIL**

### **CONSIDERATION OF AN AWARD OF CONTRACT TO RK&G CONSTRUCTION, INC. FOR CONSTRUCTION OF THE PUBLIC WORKS BUILDING RENOVATION PROJECT, PW 2015-17**

**MAY 23, 2017**

**PAGE 3**

September 9, 2014, the City Council evaluated the information and rejected all bids accordingly. Acting on Council's direction, staff revised the scope of work to include solely the New Administration Building (D), revised the specification language section that was subject to the bid protests, and advertised the project for a second bid. On October 20, 2014, nine bids were opened for the Corporation Yard Administration Building Project, on October 28, 2014, the Council awarded a construction contract, and on November 24, 2015, the Council accepted the project. The initially proposed Additive Alternatives for the Original Building (A) were not completed as part of this process.

#### **ANALYSIS OF ISSUES:**

It has been a goal of the Public Works Department to be less compartmentalized and to have all staff coordinate closely on maintenance projects and tasks. This renovation project will bring all field staff into the Original Building (A) to help improve communication and project coordination. This will be accomplished by modifying a space formerly used for sewer parts storage in the Original Building (A) into a joint office area for the Public Works Lead Workers. This includes the Parks Division Lead Workers who are currently housed in a separate Building (B). The area vacated in Building (B) will be used for document storage, allowing plans and archive files to be stored in a dry and accessible location. The project also includes renovating an area in the Original Building (A) formerly used as a break/meeting room and reception/office area into separate men's and women's locker rooms.

Staff worked with a consultant to prepare plans and specifications for the renovation of the Original Building (A) that were the Additive Alternatives originally proposed in 2013 as part of the new Administration Building construction. The bid documents define the project components for the Original Building (A) renovation as follows:

#### **Base Bid**

Remodel of interior partition walls, plumbing, electrical and finishes creating separate men's and women's dressing rooms and a revised entry; and conversion of the existing Sewer Parts Shop to a Lead Worker's office, including improvements to the exterior access way leading to the office.

#### **Bid Alternate No. 1**

Renovation of the existing men's restroom and shower.

#### **Bid Alternate No. 2**

Exterior painting of the building.

#### **Bid Alternate No. 3**

Conversion of two existing offices to create an additional office/conference room.

**CITY COUNCIL**

**CONSIDERATION OF AN AWARD OF CONTRACT TO RK&G CONSTRUCTION, INC. FOR CONSTRUCTION OF THE PUBLIC WORKS BUILDING RENOVATION PROJECT, PW 2015-17**

**MAY 23, 2017**

**PAGE 4**

The project was advertised for construction bids and on May 9, 2017, three bids were opened for the project. The lowest base bid from RK&G Construction, Inc. was in the amount of \$129,746. Staff reviewed the bid and determined it to be responsive and RK&G Construction, Inc. to be a responsible bidder.

In addition, staff reviewed the bid against the available budget and determined that by using project cost savings from the Corporation Yard Stormwater Project plus an additional \$5,770 from other funds, Bid Alternative No. 1 could be accomplished. The savings from the Corporation Yard Stormwater Project was a result of the final asphalt quantities being less than the engineer's estimate. Since the intent of both projects is to provide improvements at the Corporation Yard, it seems appropriate to use the \$2,710 of General Fund savings toward further improvements at the Corporation Yard as opposed to reallocating the funds to other areas in the City or returning the funds to fund balance. In addition, it is much more cost effective to perform the work while a contractor is mobilized and on site as opposed to performing the work later under a separate contract. The men's bathroom is approximately forty years old and overall is beyond its useful life. The shower has been inoperable for several years, and there more fixtures than necessary which leads to reduced clearances and lack of privacy. Staff is recommending the award of a construction contract to RK&G Construction, Inc. for the Base Bid plus Bid Alternative No. 1.

The contract time is 60 working days. Work is expected to be accomplished during June through September 2017.

**ALTERNATIVES:**

The following alternatives are provided for the Council's consideration:

1. Approve staff's recommendations;
2. Do not approve staff's recommendations and request further information;
3. Modify staff's recommendation and approve; or
4. Provide direction to staff.

**ADVANTAGES:**

The proposed project will improve the function of Original Building (A) by modifying the existing building to create separate men's and women's changing rooms, and will help to improve communication and project coordination by creating a joint office space area for the Public Works Lead Workers.

**DISADVANTAGES:**

The Corporation Yard will remain in full operation during the construction which may cause intermittent inconvenience to Public Works staff. Funds used to make the recommended renovations may be diverted from other future projects.

**CITY COUNCIL  
CONSIDERATION OF AN AWARD OF CONTRACT TO RK&G CONSTRUCTION,  
INC. FOR CONSTRUCTION OF THE PUBLIC WORKS BUILDING RENOVATION  
PROJECT, PW 2015-17  
MAY 23, 2017  
PAGE 5**

**ENVIRONMENTAL REVIEW:**

The project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Guidelines Section 15301(a) as the project involves the repair or minor alteration of the interior of an existing public structure.

**PUBLIC NOTIFICATION AND COMMENTS:**

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

Attachments:

1. Bid Opening Log Sheet
2. Notice of Exemption



# Attachment No. 1

## CITY OF ARROYO GRANDE BID OPENING LOG SHEET

**DEADLINE: TUESDAY, MAY 9, 2017 – 2:00 PM**  
**PROJECT NAME: PUBLIC WORKS BUILDING REMODEL**  
**PROJECT NO.: PW-2015-17**  
**ESTIMATED CONSTRUCTION COST: \$128,000**

| <u>SUBMITTED BY:</u> | <b>BC Construction &amp;<br/>Electric<br/>Morro Bay, CA</b> | <b>Quincon<br/>Grover Beach, CA</b> | <b>RK&amp;G Construction, Inc<br/>Santa Maria, CA</b> |
|----------------------|---|-------------------------------------|---|
| <u>BASE :</u>        | \$137,697.00  | \$147,796.00                        | \$129,746.00  |
| <u>ALT 1:</u>        | \$38,875.00   | \$30,110.00                         | \$10,819.00   |
| <u>ALT 2:</u>        | \$26,295.00   | \$13,379.00                         | \$18,729.00   |
| <u>ALT 3:</u>        | \$19,412.00   | \$17,300.00                         | \$16,754.00   |
| <u>TOTAL:</u>        | \$222,280.00  | \$208,585.00                        | \$176,048.00  |

*Glenda Boner*

Glenda Boner, Administrative Secretary

C: Director of Public Works  
Capital Improvement Project Manager  
City Manager  
City Website

## Attachment No. 2

### NOTICE OF EXEMPTION

To:  Office of Planning and Research  
 1400 Tenth Street  
 Sacramento, CA 95814

From: Lead Agency:  
 City of Arroyo Grande  
 300 East Branch Street  
 Arroyo Grande, CA 93421

**OR**

County Clerk of the Board of Supervisors  
 County of San Luis Obispo  
 1055 Monterey Street  
 San Luis Obispo, CA 93408

|  |   |
|--|---|
| <b>PROJECT TITLE AND NUMBER:</b><br>Corp Yard Phase II PW 2015-17  |   |
| <b>PROJECT APPLICANT:</b><br>Jill McPeek, Capital Improvement Project Manager<br>300 E. Branch Street, Arroyo Grande, CA 93420 | <b>TELEPHONE NUMBER/EMAIL:</b><br>(805) 473-5444<br>jmcpeek@arroyogrande.org  |
| <b>PROJECT LOCATION:</b><br>1375 Ash Street, Arroyo Grande, CA 93420   |   |
| <b>PROJECT DESCRIPTION:</b><br>Lockers and shelving, plumbing and HVAC items, utilities, and related items of work.            |   |
| <b>LEAD AGENCY CONTACT PERSON:</b><br>Matthew Downing, AICP, Planning Manager  | <b>TELEPHONE NUMBER/EMAIL:</b><br>(805) 473-5420<br>mdowning@arroyogrande.org |
| <b>STATE CLEARINGHOUSE NUMBER (if applicable):</b> N/A   |   |

This is to advise that the City of Arroyo Grande has made the following determination on the above-described project:

- MINISTERIAL (Section 15208)
- EMERGENCY (Section 15269)
- CATEGORICAL EXEMPTION PER CEQA GUIDELINES - Section 15301(a) of the CEQA Guidelines determines that projects located in existing facilities are exempt from CEQA review.

|  |   |
|--|---|
| <b>SIGNATURE:</b><br> | <b>DATE RECEIVED FOR FILING:</b>                |
| <b>TITLE:</b> PLANNING MANAGER<br><b>DATE:</b> 8/1/2016  | <b>NO RECORDING FEE – PUBLIC AGENCY GC 6103</b> |

**THIS PAGE INTENTIONALLY LEFT BLANK**