

## MEMORANDUM

**TO:** CITY COUNCIL *TML*  
**FROM:** TERESA MCCLISH, DIRECTOR OF COMMUNITY DEVELOPMENT  
**SUBJECT:** CONSIDERATION TO REJECT THE BIDS FOR THE POLICE STATION UPGRADE PROJECT  
**DATE:** MARCH 25, 2014

### RECOMMENDATION:

It is recommended the City Council:

1. Reject all bids and direct staff to solicit new bids after modifications are made to design;
2. Approve a transfer of \$300,000 from the Police Department budget to the Police Station Upgrade project budget; and
3. Appropriate \$315,000 from the General Fund unappropriated fund balance to the Police Station Upgrade project budget.

### IMPACT TO FINANCIAL AND PERSONNEL RESOURCES:

The remaining balance in the budget for the Police Station Upgrade project is \$1,330,476.

The project costs (with the current low construction bid included) are as follows:

Asbestos Removal	(\$51,500)
Construction Bid	(\$1,798,285)
Contingency	(\$179,829)
Construction Management	(\$35,000)
FF&E's	(\$100,000)
Dispatch Relocation	(\$2,000)
Earth Systems	(\$4,800)
<b>Total</b>	<b>(\$2,171,414)</b>

This results in a budget shortfall of approximately \$840,000. It is recommended to redesign portions of the project with a target of reducing costs of the project by a minimum of \$225,000. Approximately \$300,000 can be funded out of savings from the Police Department's existing operational budget. Therefore, an additional appropriation of \$315,000 is necessary from the General Fund un-appropriated fund balance, which can be accomplished while maintaining reserves well above the City's minimum fund balance policy at this time.

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**BACKGROUND:**

At the April 13, 2013 meeting, the City Council approved the proposed plan to address the Police Station facility needs through remodel of the existing building to address the highest priority immediate facility needs. The Council also approved the Purchase and Sale Agreement for the acquisition of the property at 270 North Halcyon Road. On July 9, 2013 and August 27, 2013, parking lot design options were considered. On October 8, 2013 the Council approved the Police Department Temporary Relocation Plan. On November 26, 2013 the Council approved the design for the Police Station Upgrade project, the funding plan; and Amendment No. 1 to the Agreement for Consultant Services with IBI Group.

Since that time the architect has completed construction drawings, the Police Department moved to the Women's Center, and the project was advertised for bid according to schedule. Additionally, the Rena Street sewer relocation project has been awarded and construction has begun. Bids for the project were opened on March 11, 2014. Ten bids were received. The low bid was GLR Construction Inc. in the amount of \$1,798,285. Including a 10% contingency, the low bid is approximately \$715,000 higher than the engineers estimate range of \$1,083,000.

**ANALYSIS OF ISSUES:**

Staff is working with the architect to determine the discrepancy between the bids and estimate. It should be noted that there was not a large difference in price among the bids received as the range between the lowest and highest bidder was approximately \$260,000. An initial meeting was also held with the consultant to identify items that could reduce costs through redesign without reducing the ability of the project to address the operational needs of the Police Department. Given the cost of the improvements, it is now necessary to ensure the project is designed to serve the Police Department needs for a minimum 15-year period.

After reviewing proposals, and receiving general input from bidders, the following items were identified to help reduce the cost:

- ◆ The roofing and fencing specifications resulted in specialized costly products that can be revised by providing specifications for a standard wrought iron fence and roof (approximately \$210,000 estimated savings).
- ◆ Design related to the site radio tower infrastructure can be revised for additional savings (approximately \$15,000 estimated savings).
- ◆ Minor clarifications in the specification for the storage building and pad will enable vendor flexibility for additional potential savings (approximately \$10,000 to \$20,000 estimated savings).

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Other items were identified, but not recommended for removal or revision due to the need to meet project objectives. Staff and the architect will continue to investigate additional cost saving items by obtaining additional contractor input. The technical specifications will be reviewed to incorporate recommended changes. Staff would then re-advertise the project at the beginning of April to reduce the impact on the project schedule and potentially the length of time the Police Department will have to utilize the Women's Center. It is anticipated that tentative bid award would be on May 13, 2014.

**ALTERNATIVES:**

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

- Approve staff's recommendations;
- Award the contract to the lowest bidder to proceed with the project on schedule and fund the remaining costs from the General Fund un-appropriated fund balance;
- Approve staff's recommendations and direct staff to also pursue an additional savings of approximately \$20,000 by modifying indoor lighting specifications from LED to fluorescent fixtures, which staff does not recommend due to the increase in ongoing operational costs; or
- Provide direction to staff.

**ADVANTAGES:**

Rejecting and re-advertising bids, and approving the recommended funding plan, will allow design modifications to be incorporated into the project to reduce costs without significant impact to the project objectives or construction schedule.

**DISADVANTAGES:**

Rejecting bids will increase the project schedule by approximately two months and appropriating funds from the General Fund will reduce the un-appropriated fund balance.

**ENVIRONMENTAL REVIEW:**

The project is categorically exempt from CEQA pursuant to Guidelines Section 15301(c).

**PUBLIC NOTIFICATION AND COMMENTS:**

The agenda was posted on Thursday, March 20, 2014. The agenda and staff report was posted on the City's website on Friday, March 21, 2014. No public comments were received as of the time of preparation of this report.

Attachment:

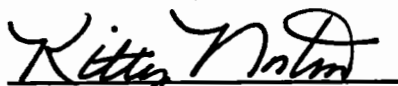
1. Bid Tabulations



**CITY OF ARROYO GRANDE  
 BID OPENING LOG SHEET**

**DEADLINE: TUESDAY, MARCH 11, 2014 - 2:00 PM**  
**PROJECT NAME: POLICE STATION ADDITION / TENANT IMPROVEMENTS**  
**PROJECT NO. PW 2014-08**  
**ARCHITECT'S ESTIMATE: \$1,083,000.00**

<b><u>SUBMITTED BY:</u></b>	<b><u>TOTAL</u></b>
SIGMA Services, Inc. Ventura, CA	\$1,806,962.00
Diani Building Corp. Santa Maria, CA	\$1,983,000.00
GLR Construction, Inc. Santa Maria, CA	\$1,798,285.00
Carroll Building Co. San Luis Obispo, CA	\$1,839,000.00
Newton Construction & Management, Inc. San Luis Obispo, CA	\$1,889,000.00
PRC Atascadero, CA	\$1,803,000.00
Zumwalt Construction, Inc. Fresno, CA	\$1,885,000.00
Tomar Construction, Inc. Santa Paula, CA	\$1,952,000.00
Vernon Edwards Santa Maria, CA	\$1,852,000.00
Pueblo Construction, Inc. Santa Barbara, CA	\$2,060,071.00

  
 Kitty Norton, Deputy City Clerk

c: Director of Community Development  
 Director of Public Works  
 Assistant City Engineer  
 City Manager