



Agenda Report

18-124

Agenda Date: 5/22/2018

REPORT TO COUNCIL

SUBJECT

Action on a Contract for the Reed Street - Grant Street Sports Park Project and Related Budget Amendment

BACKGROUND

The Reed Street - Grant Street Sport Park Project (Project) is located at the southwest corner at the intersection of Reed and Grant Street. The Project is approximately 10 acres consisting of a new community park facility that includes five lighted soccer fields (with multiple configurations), onsite parking lots, a multi-purpose community recreation building, a landscaped promenade and entry plaza, a children's playground with seating and picnic area, team gathering and spectator viewing areas, a maintenance building/yard, and a restroom building for the Raymond G. Gamma Dog Park (Attachment 1)

The Project is the result of a September 2013 Council goal "to enhance community sports and recreational assets with a particular objective to address the demand for additional soccer and community athletic facilities." The following are the milestone dates for the Project:

- March 2014: Youth Sports Needs Assessment completed
- May 2014: City purchased 8.75 acres of property adjacent to the Reed Street Dog Park for potential City Utility use
- February 2015: LPA, Inc. contracted to explore feasibility for athletic fields at several sites and to complete public outreach, design, and engineering
- October 2015: Council selected the Reed-Grant Streets site for Project after community, Ad Hoc Committee on Additional Soccer Fields and Athletic Facilities, and Parks & Recreation Commission input
- February 2016: Council approved Project's Schematic Design
- April 2016: Council approved Project funds
- October 2016: City purchased Reed & Grant Street parcels from SVP for park Project use
- December 2016: City purchased an additional parcel, 1750 Grant Street, to include in the Project
- February 2017: Initial Study and Mitigated Negative Declaration (MND) completed and circulated for 30-day review pursuant to California Environmental Quality Act (CEQA)
- March 21, 2017: Council adopted the MND, the Mitigation Monitoring or Reporting Program (MMRP), and Project conditions
- February 14, 2018: Following additional Project design development, the Project was advertised for public bid

DISCUSSION

On March 28, 2018, bids were opened for construction of the Project. Three bids were received ranging from \$20,195,000 to \$21,000,000. The Bid Summary is included as Attachment 2.

The lowest bid in the amount of \$20,195,000, submitted by O.C. Jones and Sons, Inc. (OCJ), is approximately 43.7% above the Engineer's Estimate (EE) of \$14,055,000. Staff and the City's design consultant reviewed OCJ's bid and concluded that the higher bid price is not a result of bidder's error; it reflects current bidding market which is not supported by historical or quantifiable data. The bids were prepared in a competitive environment with multiple contractors bidding for the project and all the bids received are within 4%; therefore, the bid prices reflect the current market condition in the Bay Area. While the bids are higher than the engineer's estimate, staff recommends awarding the contract as there is no guarantee that re-bidding the Project in the current economic climate will produce a substantially lower bid result.

After bid opening there were some questions regarding the use of a design build procurement method. Currently, the City does not have a design build policy in place, however, even if the City had a design build policy it is unlikely that it would have been recommended for this project. This project is being constructed on a vacant lot and in general it is staff's opinion that the City would get the best value through the low bid process. Design build projects can be beneficial in certain situations however, those are typically on projects that are more complex and have greater risk than a park.

The OCJ's bid was reviewed for compliance with the terms and conditions of the Bid Documents and has been determined to be the lowest responsive and responsible bidder. The Project has a 12-month Construction Schedule and is anticipated to be completed by fall 2019.

ENVIRONMENTAL REVIEW

The potential environmental impacts of the Project were addressed in a Mitigated Negative Declaration (MND) and Mitigation Monitoring or Reporting Program (MMRP), which was approved by the City Council on March 28, 2017.

FISCAL IMPACT

The cost of the contract is \$20,195,000 plus 10% contingency in the amount of \$2,019,500 for any potential change orders, for a total not-to-exceed amount of \$22,214,500. The approved construction project funding was approximately \$15 million and included not only construction but all design and engineering work required for the project. Therefore, since approximately \$12 million remains in the budget, staff is requesting additional appropriations in the amount of \$10,214,500 (from Land Sale Reserve) for Youth Soccer Field & Athletic Facilities as shown in the Budget Amendment table below. The amount requested will be considered a loan that will be documented by the Finance Department and repaid by Mitigation Fee Act revenue and established administratively. As Mitigation Fee Act (MFA) funds are received for acquisition and development of new neighborhood and community parks, an amount of \$10,214,500 could be used to repay the loan amount.

While there is no additional cost at this time, the Parks & Recreation Department will request additional operation and maintenance funding through the annual budget process in FY 2019-20 for 1 full time employee, additional Grounds Maintenance staff, furnishings, and equipment for the facility, additional Materials and Supplies budget (including utilities water/electric, etc.). At this time, the annual operations cost for the facility is estimated to be \$316,450 per year (\$135,000 for grounds maintenance staff, water, utilities, etc.; and, \$181,450 for facility supervision, recreation program staff, camps, classes) with potential for appropriate levels of cost recovery for adult, summer and special class activities. As part of the FY 2019-2020 budget development, staff will re-evaluate the needs

and appropriate staffing levels.

The Parks & Recreation Department will also augment and reallocate a portion of a Recreation Supervisor and Coordinator currently budgeted in the Recreation Division staff for contractual recreation programming, supervision and facility reservations similar to other facilities. The new facility has a recreation building and athletic fields that will be supervised when in operation similar to other City lighted facilities. Staff issue field use permits and facility rental permits to community groups according to the City fee schedule, and provide recreational classes. It is anticipated that the community room will be used during the school year during the daytime 8-10 am and 2-4 pm for adult exercise, meetings, classes (at cost recovery). The fields will be used for adult industrial league soccer weekdays 10 am-2 pm, or for other organized supervised recreation programs (at cost recovery). The fields will be permitted for youth practices, games and tournaments about 45 weeks per year, weekdays 3:30 pm to 9:30 pm and weekends 9:30 am to 9:30 pm (no cost recovery). The fields during the summer will be used for youth sport camps (partial cost recovery). The recreation staff hours are anticipated to be approximately 5,000 or 2.5 FTE.

BUDGET AMENDMENT

	2017-18 Current	Increase/ (Decrease)	2017-18 Revised
<u>Revenues</u>			
<u>Fund 001 - General Fund</u>			
Land Sale Reserve (Loan)	\$39,299,901	(\$10,214,500)	\$29,085,401
<u>Expenditures</u>			
<u>Fund 532 - Parks and Recreation</u>			
Youth Soccer Fields & Athletic Facilities Reed & Grant (Project #3177)	\$13,323,253	\$10,214,500	\$23,537,753

COORDINATION

This report has been coordinated with the Finance Department, the Parks and Recreation Department, and the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

ALTERNATIVES

1. Award the Public Works Contract for the Reed Street-Grant Street Sports Park Project (CE 16-17-13) to the lowest responsive and responsible bidder, O.C. Jones and Sons, Inc., in the amount of

\$20,195,000 and authorize the City Manager to execute any and all documents associated with and necessary for the award, completion, and acceptance of this Project.

2. Authorize the City Manager to execute change orders up to approximately 10% of the original contract price, or \$2,019,500, for a total not-to- exceed amount of \$22,214,500 (Five Affirmative Council Votes Required).

3. Approve the budget amendment transferring \$10,214,500 from the Land Sale Reserve to Youth Soccer Field & Athletic Facilities Program (CIP 532-3177) to be repaid with future Mitigation Fee Act revenue.

4. Reject all bids received for the Reed Street - Grant Street Sports Park Project and Authorize staff to negotiate and return to Council with an amendment for the design consultant agreement, repackage the Project with a modified base bid and add alternates, and rebid the Project to obtain bid results closer to budget.

RECOMMENDATION

Alternative 1, 2 and 3:

1. Award the Public Works Contract for the Reed Street-Grant Street Sports Park Project (CE 16-17-13) to the lowest responsive and responsible bidder, O.C. Jones and Sons, Inc., in the amount of \$20,195,000 and authorize the City Manager to execute any and all documents associated with and necessary for the award, completion, and acceptance of this Project; and

2. Authorize the City Manager to execute change orders up to approximately 10% of the original contract price, or \$2,019,500, for a total not-to- exceed amount of \$22,214,500 (Five Affirmative Council Votes Required); and

3. Approve the budget amendment transferring \$10,214,500 from the Land Sale Reserve to Youth Soccer Field & Athletic Facilities Program (CIP 532-3177) to be repaid with future Mitigation Fee Act revenue.

Reviewed by: Craig Mobeck, Director of Public Works

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Site Plan
2. Bid Summary
3. Budget Amendment