



*City
Council
Report*

Item: 15
 Category: UNFINISHED BUSINESS
 Meeting Date: September 19, 2023

TITLE: Award and Approve a Construction Contract with Lathrop Construction Associates, Inc. for the Measure O – Campbell Library Renovations Project (No. 23-SS) (Resolution/Roll Call Vote)

RECOMMENDED ACTION

That the City Council adopt a resolution to: 1) award the construction contract for the Measure O - Campbell Library Renovations Project (No. 23-SS) to the lowest responsible bidder, Lathrop Construction Associates, Inc.; 2) approve the construction contract in the amount of \$18,189,000, plus a 10% construction contingency of \$1,818,900; 3) authorize the City Manager to execute said agreement as specified in Campbell Municipal Code Section 3.20.100; and 4) authorize the City Engineer to negotiate and execute contract change orders up to and within the allocated construction contingency.

BACKGROUND

In November 2018, Campbell voters passed Measure O authorizing the City to issue \$50,000,000 in general obligation (GO) bonds to finance the design and construction of a new Police Operations Building (with a new EOC) and renovations to the Campbell Library. Of the \$50M in Measure O funds available, \$20M was originally allocated to each project (Library and Police) with \$10M allocated to Shared Improvement Costs. Later, as the design process began, further allocations were made from the \$10M in Shared Improvement Costs to the individual projects, resulting in a total Measure O-funded project budget of \$20.5M for the Library Renovations (No. 23-SS) and \$25M for the Police Operations Building (No. 23-RR).

Between 2018 and 2023, the Library Renovations Project also received additional funding from various State and local programs – creating capacity within the project’s existing budget to address infrastructure improvements that were included in the original scope of work but were later omitted due to budgetary constraints. Based on the Library’s initial allocation of \$20.5M in Measure O funding, the following is a summary of the project’s total available funds (current budget) listed by source:

Available Funds – Library Project (No. 23-SS)

Funding Source	Amount
----------------	--------

Measure O (\$20M Initial Allocation + \$500k Shared Site Work Allocation)	\$ 20,500,000
State Library Building Forward Grant Program	\$ 4,718,450
SVCE Decarbonization Demonstration Grant Program	\$ 500,000
Santa Clara County Library District (SCCLD)	\$ 510,000
Total Available Funds (current project budget)	\$ 26,228,450

On May 19, 2020, Jayson Architecture was awarded the design consultant services contract for the Library Renovations Project, with the City Council directing staff to return later for further review and approval of the project's schematic design. When staff returned on April 6, 2021, the City Council reviewed and approved the Library's schematic design and overall concepts proposed; permitting Jayson Architecture to continue working on the plans and specifications that would serve as the eventual blueprint for its construction.

In early 2022, while the Library's design was underway, staff also issued a Request for Qualifications (RFQ) to solicit contractors who were interested in (and qualified) for invitation to bid on the Library's construction contract. Staff used this process to develop a list of pre-qualified contractors.

At the end of the RFQ process, and after evaluating the applications received, staff determined that all four firms that applied for the Library Renovations project had met the required qualifications. As such, the following contractors would receive an invitation to bid on the Library's construction contract pending Council's approval of the project's final plans, specifications, and estimates (PS&E), and authorization for staff to proceed with the issuance of the bid invitations:

1. Gonsalves & Stronck Construction Company, Inc.
2. BHM Construction
3. Lathrop Construction Associates, Inc.
4. BOBO Construction, Inc.

DISCUSSION

On June 6, 2023, the City Council adopted a resolution (No. 12999) approving the Library's final PS&E and authorizing staff to invite the project's list of prequalified contractors to bid on its construction contract. Staff's presentation to Council also included a cost breakdown for the project's use of funds, which identified the construction contract amount (i.e., engineer's estimate for the project's base scope of work and three add alternates), and a 10% change order contingency, as separate project expenditures for \$20M and \$2M (respectively). Nevertheless, the Council was informed that staff would return during a later meeting to present the bid results and request Council's approval to award the project's construction contract at that time.

Following Council's approval and authorization, staff issued an invitation to the four prequalified contractors that included a copy of the project's final PS&E, the contract document package for construction, and other information pertaining to the requirements of the bidding process (see Attachment B). Per the invitation's instructions, contractors would have until 2:00 pm on Wednesday, August 30, 2023, to submit their bids – which at that time, is when the project's official bid opening would occur. However, to qualify for bid submission, contractors were first required to attend a pre-bid meeting for a walk-through of the work site and to receive additional information from the City's construction management firm, Griffin Structures.

Of the four contractors who received an invitation with the above-mentioned instructions, only three attended the project's mandatory pre-bid meeting. As such, the contractor who did not attend (BHM Construction) was subsequently disqualified from bid submission. With three contractors remaining, the City received only two bids by the end of the submission deadline. When bids were opened on August 30, 2023, the results identified Lathrop Construction Associates, Inc., and BOBO Construction Inc., as the two submitting contractors. The results of their proposed bids – and the final figures from the Engineer's Estimate – are as follows:

Bid Results – Campbell Library Renovations Project (No. 23-SS)

Contractor (In Order of Bid Opening)		Base Bid (Sub-Total)	Add. Alternates (1, 2, & 3)	Grand Total (Base Bid + 3 Add. Alternates)
1.	Lathrop Construction Associates, Inc.	\$ 17,839,000	\$ 350,000	\$ 18,189,000
2.	Bobo Construction, Inc.	\$ 20,296,797	\$ 400,000	\$ 20,696,797
Engineer's Estimate		\$ 19,529,000	\$ 471,815	\$ 20,000,815

Lathrop Construction Associates, Inc. (Lathrop), was the lowest responsible bidder with a proposed base bid amount of \$17,839,000, which is approximately \$1.69M under the final Engineer's Estimate of \$19,529,000. Furthermore, Lathrop's proposed total of \$350,000 for the project's three add alternates was approximately \$121,000 under the engineer's estimate for these items as well (\$471,000).

With these results, staff has updated the project's allocation (use) of funds to reflect the construction contract amount submitted by Lathrop, and the 10% change order contingency based on this amount. The project's updated expenditures and total costs are as follows:

Use of Funds – Campbell Library Renovations Project (No. 23-SS)

Costs/Expenditures	Amount
Design, Planning, & Management	\$ 1,815,580
Plan Review / Permits	\$ 50,000
Construction Contract (Base Cost + (3) Add. Alternates)	\$ 18,189,000
Change Order Contingency (10% of Construction Contract)	\$ 1,818,900
Utility Fees (Fire, Water, Electrical/Gas, Sanitary, etc.)	\$ 125,000
Testing & Special Inspections	\$ 180,000
Other City Costs / Design Contingencies	\$ 180,000
Total Costs for Library Project (updated)	\$ 22,358,480

Based on the Library's updated total costs (\$22.3M), and the funds available in its current budget (\$26.2M), the project is projected to have a surplus of approximately \$3.9M in Measure O funds.

NEXT STEPS

The proposal submitted by Lathrop has been deemed complete, responsive, and responsible in accordance with the City's purchasing guidelines and staff's comprehensive evaluation of the bids received. As such, staff is recommending that City Council award and approve the construction contract for the Measure O – Campbell Library Renovations Project (No. 23-SS) to Lathrop Construction Associates, Inc., in an amount not to exceed \$18,189,000, plus a 10% change order contingency in the amount of \$1,818,900.

Staff is also requesting City Council's authorization for the City Manager to execute said agreement, as specified in Campbell Municipal Code Section 3.20.100, and authorization for the City Engineer to negotiate and execute contract change orders up to and within the allocated (and approved) construction contingency amount.

Should the City Council approve and award this contract – and pending its subsequent execution – a Notice to Proceed will be issued in October 2023 to authorize the commencement of construction. Based on this date, the following is an updated tentative schedule for construction of the Library Renovations project:

Campbell Library Renovations (Project No. 23-SS)	Date
Construction Notice to Proceed Issued for Library Renovations Project	October 2023
Start of Library Renovations Construction	November 2023

Completion of Library Renovations Project	June 2025, ±
---	--------------

FISCAL IMPACT

This action will have a fiscal impact of \$18,189,000. Sufficient funding is available in the City's approved CIP budget for 'Civic Center Improvements – Library Renovations (Project No. 23-SS)' to award a contract in this amount and begin construction in accordance with the project's final plans and specifications.

For large scale projects of this type, a 10% construction contingency is commonly included to address any unforeseen situations or circumstances which may arise during construction and the additional costs incurred at that time. Based on the project's total contract amount (\$18,189,000), a 10% construction contingency for the Library Renovations project would be \$1,818,900 – resulting in a combined total amount of \$20,007,900. Overall, sufficient funding is available in the project's current budget to cover the associated cost of any change orders up to and within the allocated construction contingency amount.

ALTERNATIVES

1. Do not award the Library Renovations project at this time; defer to a later date.
2. Do not award the project's three add alternates; provide alternative strategies for their implementation.
3. Provide alternative direction to staff.

Prepared by:



Carina Shattuck, Administrative Analyst I

Reviewed by:



Todd Capurso, Director of Public Works

Approved by:



Brian Loventhal, City Manager

RESOLUTION NO. 13057

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMPBELL AWARDING THE CONSTRUCTION CONTRACT FOR THE MEASURE O – CAMPBELL LIBRARY RENOVATIONS PROJECT (NO. 23-SS) TO THE LOWEST RESPONSIBLE BIDDER, LATHROP CONSTRUCTION ASSOCIATES, INC.; APPROVING THE CONSTRUCTION CONTRACT IN THE AMOUNT OF \$18,189,000, PLUS A 10% CONSTRUCTION CONTINGENCY OF \$1,818,900; AUTHORIZING THE CITY MANAGER TO EXECUTE SAID AGREEMENT AS SPECIFIED IN CAMPBELL MUNICIPAL CODE SECTION 3.20.100; AND AUTHORIZING THE CITY ENGINEER TO NEGOTIATE AND EXECUTE CONTRACT CHANGE ORDERS UP TO AND WITHIN THE ALLOCATED CONSTRUCTION CONTINGENCY.

WHEREAS, in November 2018, Campbell voters passed Measure O authorizing the City to issue \$50,000,000 in general obligation (GO) bonds to finance the design and construction of a new Police Operations Building (with a new EOC) and renovations to the Campbell Library; and

WHEREAS, further allocations resulted in a total Measure O-funded budget of \$20.5M for the Library Renovations project (No. 23-SS); and

WHEREAS, between 2018 and 2023, the Library Project also received additional funding from various State and local programs – increasing the project’s current budget to \$26,228,450; and

WHEREAS, in early 2022, after evaluating the applications received in response to the RFQ advertised for construction services, staff deemed the following contractors qualified for invitation to bid on the Library’s construction contract pending City Council’s approval of the project’s final plans, specifications, and estimates (PS&E): 1. Gonsalves & Stronck Construction Company, Inc., 2. BHM Construction, 3. Lathrop Construction Associates, Inc., and 4. BOBO Construction, Inc.; and

WHEREAS, on June 6, 2023, the City Council adopted a resolution (No. 12999) approving the Library’s final PS&E and authorizing staff to invite the project’s list of prequalified contractors to bid on its construction contract; and

WHEREAS, staff’s subsequent invitation included the bid submission deadline of 2:00 pm on Wednesday, August 30, 2023, and information regarding the mandatory pre-bid meeting required to qualify for bid submission; and

WHEREAS, only three of the four contractors attended the mandatory pre-bid meeting, which resulted in BHM Construction being disqualified from bid submission for failure to attend; and

WHEREAS, of the three contractors remaining, the City received only two bids by the end of the submission deadline – with results identifying Lathrop Construction Associates, Inc., and BOBO Construction Inc. as the two submitting contractors at the time of bid opening; and

WHEREAS, Lathrop Construction Associates, Inc. (Lathrop), was the lowest responsible bidder with a base bid amount of \$17,839,000, and \$350,000 for the project’s three add alternates; and

WHEREAS, based on the project’s updated total costs (\$22.3M), and the funds available in its current budget (\$26.2M), the project is projected to have a surplus of approximately \$3.9M in Measure O funds; and

WHEREAS, the proposal submitted by Lathrop has been deemed complete, responsive, and responsible in accordance with the City's purchasing guidelines and staff's comprehensive evaluation of the bids received; and

WHEREAS, staff is recommending City Council's award and approval of the construction contract for the Measure O – Campbell Library Renovations Project (No. 23-SS) to Lathrop Construction Associates, Inc., in an amount not to exceed \$18,189,000, plus a 10% change order contingency of \$1,818,900; and

WHEREAS, staff is also requesting City Council's authorization for the City Manager to execute said agreement, as specified in Campbell Municipal Code Section 3.20.100, and authorization for the City Engineer to negotiate and execute contract change orders up to and within the allocated construction contingency amount; and

WHEREAS, sufficient funding is available in the City's approved CIP budget for 'Civic Center Improvements – Library Renovations (Project No. 23-SS)' to award a contract in the amount of \$18,189,000, and a 10% change order contingency (\$1,818,900) to address any unforeseen situations or circumstances which may arise during construction and their associated costs.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Campbell hereby: 1) award the construction contract for the Measure O – Campbell Library Renovations Project (No. 23-SS) to the lowest responsible bidder, Lathrop Construction Associates, Inc.; 2) approve the construction contract in the amount of \$18,189,000, plus a 10% construction contingency of \$1,818,900; 3) authorize the City Manager to execute said agreement as specified in Campbell Municipal Code Section 3.20.100; and 4) authorize the City Engineer to negotiate and execute contract change orders up to and within the allocated construction contingency.

BE IT FURTHER RESOLVED should the City Council approve and award this contract – and pending its subsequent execution – a Notice to Proceed will be issued in October 2023 to authorize the commencement of construction.

PASSED AND ADOPTED this 19th day of September, 2023, by the following roll call vote:

AYES: Councilmembers: Lopez, Scozzola, Furtado, Landry, Bybee
NOES: Councilmembers: None
ABSENT: Councilmembers: None

APPROVED: 

Anne Bybee, Mayor

ATTEST: 

Andrea Sanders, City Clerk