



*City
Council
Report*

Item:

Category:

Meeting Date:

UNFINISHED BUSINESS

November 21, 2023

TITLE: Approve and Award a Construction Contract to Lathrop Construction Associates, Inc. for the Measure O – Police Operations Building Project (No. 23-RR)

RECOMMENDED ACTION

That the City Council adopt a resolution to 1) award the construction contract for the Measure O - Police Operations Building Project (No. 23-RR) to Lathrop Construction Associates, Inc.; 2) approve the construction contract in the amount of \$29,454,000, plus a 10% construction contingency of \$2,945,400; 3) authorize the City Manager to execute said agreement as specified in Campbell Municipal Code Section 3.20.100; 4) authorize the City Engineer to negotiate and execute contract change orders up to and within the allocated construction contingency; and 5) authorize the Finance Director to prepare the budget adjustments necessary to award the project's construction contract and fund the costs associated with its planned expenditures.

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 Emergency Operations Center), 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 the remaining \$10M allocated to a separate CIP project created for Shared Improvement Costs (No. 21-MM). 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 Police Operations Building project also received additional funding from various State and local programs – creating capacity within the project's existing budget to incorporate improvements back into the project that were once included in the original scope of work but later omitted due to budgetary constraints. Based on the Police Building's initial allocation of \$25M in Measure O funding, the following is a summary of the project's total available funds (current budget) listed by source:

Available Funds – Police Operations Building Project (No. 23-RR)

Funding Source	Amount
Measure O (Initial Allocation + Shared Site Work Allocation)	\$ 25,000,000
State Resiliency Grant (Emergency Generator and Built-In FF&E)	\$ 2,400,000
SVCE Energy Resiliency Grant	\$ 198,000
Total Available Funds (current project budget)	\$ 27,598,000

On May 19, 2020, the City Council awarded the design consultant services contract for the Police Operations Building project to LPA, Inc., (LPA) and instructed staff to return with the proposed design concepts prior to developing its schematic design. Later, in February 2021, the City Council selected its preferred design concept which allowed LPA to begin the project's schematic design phase. When the City Council approved the schematic design in May 2021, staff was directed to incorporate additional elements into the project's design details to address concerns with logistics and exterior building features. After LPA identified and implemented the appropriate solutions, the project's re-design efforts were completed by March 2023.

In early 2022, while design development was underway, staff issued a Request for Qualifications (RFQ) to solicit contractors who were interested in (and qualified for) an invitation to bid on the construction contract for the Police Operations Building project. This strategy was part of the recommended design-bid-build project delivery method being used by both Measure O projects to assist staff with developing a list of pre-qualified contractors and to help streamline the review process for those construction bids eventually received on behalf of each project.

At the end of the RFQ process – and after completing a comprehensive evaluation of all applications received – staff determined that seven (out of eight) firms who applied for the Police Building project had met the required qualifications. Therefore, the following contractors would receive an invitation to bid on the project's construction contract after Council's approval of the project's final plans, specifications, and estimates (PS&E), and authorization to proceed with the issuance of the bid invitations:

1. Gonsalves & Stronck Construction Company, Inc.
2. Lathrop Construction Associates, Inc.
3. Rodan Builders, Inc.
4. Swinerton Builders
5. BOBO Construction, Inc.
6. Zovich & Sons, Inc.
7. Midstate Construction Corporation

On July 18, 2023, the City Council adopted a resolution (No. 13022) approving the Police Building's final PS&E and authorizing staff to invite the project's list of prequalified contractors to bid on its construction contract. During that time, the Council was informed of a possible funding gap between the Engineer's Estimate and the project's current available budget – including staff's plans to return during a later

meeting to present the City Council with the construction bid results and recommend an award strategy based on those options that staff has deemed necessary to reduce the projected funding gap.

When the Council approved the project's final PS&E, the project's total costs were projected to be approximately \$6.76M over its budget at that time. During Council's discussions on potential project funding sources during the November 7, 2023, regular hearing, staff would later note that much of the projected shortfall was attributable to the unanticipated pandemic-related inflation, which increased the consumer price index to 7.0 % and 6.5% in (calendar years) 2021 and 2022, respectively. Furthermore, cost increases in the construction industry were even higher over this same period. Prior to the pandemic, cost projections anticipated a 3% annual inflation over the duration of the project – a figure consistent with historic information dating back to the 1990's. However, the higher than anticipated inflation resulted in approximately \$3.5M of cost increases to the Police Building project.

While preparing the bid invitations, staff explored various funding strategies to help mitigate the impacts of a potential funding gap should the construction bid results be at or above the figures from the Engineer's Estimate at the time. One option included bidding the Police Building project with all three revocable items (for an estimated combined value of \$3,541,000) to be included as part of the base bid, which in turn, would allow them to be removed at the time of award to generate capacity within the project's budget, if needed. This would allow the construction of the new Police Operations Building to still move forward as scheduled while the City Council and staff jointly pursued funding strategies to complete the project as designed. Although deferring them to a later stage in the construction process would not delay or impact the anticipated construction schedule for the new Police Operations Building, the revocable items would eventually need to be 're-bid' and implemented as a separate construction project after the new Police building was completed (approximately two years from now). Additionally, staff could also re-evaluate the project's one add alternate (i.e., solar panel vehicle canopies) and associated costs to determine if such features could also be removed or adjusted without impacting other elements of the project or creating additional budgetary constraints.

DISCUSSION

In August 2023, staff issued a bid invitation to the Police Building project's seven prequalified contractors which 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, to qualify for bid submission, contractors would first be required to attend a pre-bid meeting to receive additional information from the City's construction management firm, Griffin Structures. The bid opening was scheduled for 2:00 pm on Wednesday, October 4, 2023.

Of the seven contractors who received an invitation with the abovementioned instructions, only five attended the project's mandatory pre-bid meeting. Therefore, the two contractors who did not attend (Rodan Builders, Inc., and Swinerton Builders) were subsequently disqualified from bid submission. Of the five remaining contractors, the City received only three bids by the end of the submission deadline. When bids were opened, the results identified BOBO Construction Inc. (BCI), Lathrop Construction Associates, Inc. (Lathrop), and Zovich & Sons, Inc. (Zovich), as the three submitting contractors. The results of their proposed bids – and the final figures from the Engineer's Estimate – are as follows:

Bid Results – Campbell Police Operations Building Project (No. 23-RR)

Contractor (In Order of Bid Opening)		Base Bid (Sub-Total; Includes 3 Revocable Bid Items)	Add. Alternates (1 – Bearcat Canopy, PV Panels, Battery Storage)	Grand Total (Base Bid + 1 Add. Alternate)
1.	Bobo Construction, Inc.	\$ 26,513,000	\$ 800,000	\$ 27,313,000
2.	Lathrop Construction Associates, Inc.	\$ 29,656,000	\$ 841,000	\$ 30,497,000
3.	Zovich & Sons, Inc.	\$ 35,300,000	\$ 800,000	\$ 36,100,000
Engineer's Estimate		\$ 28,064,686	\$ 242,314	\$ 28,307,000

At the time of bid opening, BCI was the apparent low bidder with a total base bid amount of \$26,513,000 and bid security bond of \$2,651,300 (10% of the total base bid). However, the following day, the City received a letter from BCI requesting to be relieved of their bid due to what the letter described as a 'clerical error' triggered by a broken formula (link) in their Excel estimating template spreadsheet that omitted approximately \$5M from their total base bid amount. The request raised the prospects for potential litigation against the City and necessitated further discussions to determine an appropriate response and subsequent course of action.

While the City acknowledged that BCI had fulfilled the bidders' requirements set forth in California Public Contract Code (PCC) Chapter 5. 'Relief of Bidders' [5100 – 5110], the City's ability to withdraw their bid was still subject to the terms and conditions of PCC Section 5101 – which required consent from the 'awarding authority' (i.e., the City Council) and a report documenting the facts that warranted this request as part of the public record. In accordance with these requirements, staff notified the City Council of BCI's intent to withdrawal and the circumstances that prompted their initial request. Staff presented these details to the City Council during the November 7, 2023, regular meeting, where the Council subsequently agreed to relieve BCI of their bid and authorize the return of their bid bond.

Upon the relief of BCI's bid, staff began preparations to issue an 'Intent to Award' for the project's construction contract to the second lowest bidder, Lathrop. The City has defaulted to Lathrop based on their results as the second lowest bidder and in

accordance with Campbell Municipal Code (CMC) Section 3.22.080, which states that *'The City retains the right to reject any or all bids, waive any irregularities in any bids, and make any awards or rejections in accordance with applicable law.'* At the same time, staff also discovered that Lathrop's total base bid amount (\$29,656,000), and the separate 10% change order contingency (\$2,965,600), had exceeded their previous funding gap projections – prompting staff to explore other funding options to help supplement the project's financial needs while mitigating further budgetary constraints.

As a result of these efforts, a financial analysis report was prepared to facilitate discussions among the City Council and provide feedback to help staff develop a successful funding strategy for the project's construction contract award. In the report, staff included a recommendation for the City Council to not award the project's separate add alternate item (a stand-alone solar powered EV charging system) based on the bid amount submitted by Lathrop (\$841,000), which significantly exceeded the final Engineer's Estimate (\$242,314), and the amount of grant funds received from SVCE (\$198,000) that were available to incorporate these specific elements into the project. However, upon its removal, the \$198,000 in SVCE grant funds would need to be removed from the Police Building project current budget and reallocated to a different project that qualifies under the terms of SVCE's grant program. Therefore, for purposes related to Council's analysis of the proposed financial strategies, an updated budget amount of \$27,400,000 was used to reflect the removal of the add alternate item from the Police project and the associated SVCE grant funds that were intended for its use.

Based on this updated budget amount, the analysis included two scenarios for the City Council to consider: 1) award Lathrop's full base bid amount with all three revocable items (\$29.6M), or 2) remove the three revocable items and only award the base bid at this time (\$27.1M). Additionally, staff incorporated each scenario's respective contract amount and 10% change order contingency into the project's costs/expenditures table to show their projected shortfalls in comparison to the amount available in the project's current budget (\$27.4M). As such, the first scenario (award of full base bid with all three revocable items) would require approximately \$8.7M in additional funds to complete the project as designed, while the second scenario (award base bid without the three revocable items) would require approximately \$5.9M in additional funds to complete the construction of the new Police Building and defer the revocable items to be completed as a separate project after its construction.

Furthermore, staff proposed different funding strategies to help supplement each scenario's respective budget shortfalls. These options included the re-allocation of available funds within the current Measure O program/projects, and other sources such as the City's available ARPA funds and the operating budget surplus projected for FY 23. Nevertheless, various budget adjustments would be required to allocate these supplemental funds to the current balance of the Police Building project – with most applied to the Measure O project allocations that would ultimately generate most of the funds necessary to close the projected budget gap.

The financial analysis was presented to the City Council during the November 7, 2023, regular meeting. After further review and discussions, the Council directed staff to

proceed with preparations to award the Police project's construction contract to Lathrop in the full base bid amount with all three revocable items (\$29.6M) intact and identify the budget adjustments required to complete these efforts in their entirety.

Since the November 7, 2023, meeting, staff has continued to prepare other supplemental service contracts related to both the Library and Police Building projects, such as those for construction-related testing and inspections, so that their respective expenditure plans could be adjusted to reflect the actual costs that are now known.

With regard to the revocable bid items, staff is now recommending the removal of the trash enclosure (revocable bid item no. 1) from the award since its location and size can be reassessed by staff and later implemented as a separate project or in conjunction with a future parking lot improvement project. If removed from the award, staff will later perform an analysis to identify an appropriate location for its placement and other factors to consider during and after the construction of the new Police building. At that time, details related to its location and access would need to be confirmed with the City's waste hauler, West Valley Collection and Recycling; while its size and other structural features would need to be reviewed pending the requirements that will go into effect upon the implementation of SB1383. Nevertheless, the removal of the trash enclosure bid item will reduce the project's contract award amount by \$202,000, and 10% contingency by \$20,200 – resulting in a total contract amount of \$29,454,000, and 10% change order contingency amount of \$2,945,400.

Based on this award recommendation (with the removal of the trash enclosure), and the figures proposed in the recent service contracts received by the City, staff has updated the Police project's expenditure plan (table) to reflect the actual costs associated with some of these expenditures as follows:

UPDATED Use of Funds – Campbell Police Operations Building Project (23-RR)

Costs/Expenditures (updated)	Amount
Design, Planning, & Management	\$ 2,543,575
Plan Review / Permits	\$ 120,000*
Construction Contract (Base Bid without Trash Enclosure)	\$ 29,454,000*
Change Order Contingency (10% of Construction Contract)	\$ 2,945,400*
Utility Fees (Fire, Water, Electrical/Gas, Sanitary, etc.)	\$ 350,000
Testing & Special Inspections	\$ 230,000*
Other City Costs / Design Contingencies	\$ 50,000
Total Costs for Police Project (estimated)	\$ 35,692,975*

**Amount updated to reflect actual costs incurred and/or proposed to-date*

It should also be noted that the project allocation for Testing and Special Inspections has been reduced by approximately \$200,000 (from \$430,000 to \$230,000) based on a

successful RFP process that will be presented by staff as a separate Council agenda item during the November 21, 2023, regular meeting.

As previously mentioned, the Council also agreed with the recommendation to remove the project's add alternate item for the solar PV canopies and adjusting the project's budget to re-allocate (remove) the \$198,000 in associated SVCE grant funds. Therefore, the following is an updated summary of the project's total available funds (current budget) listed by source:

UPDATED Available Funds – Police Operations Building Project (No. 23-RR)

Funding Source (updated)	Amount
Measure O (Initial Allocation + Shared Site Work Allocation)	\$ 25,000,000
State Resiliency Grant (Emergency Generator and Built-In FF&E)	\$ 2,400,000
SVCE Energy Resiliency Grant	\$ 198,000
Total Available Funds (current project budget)	\$ 27,400,000

As was discussed during the earlier November 7, 2023, meeting, the Council provided direction to staff to propose a funding solution that consisted of various resources both in and outside of the current Measure O program. One such source included the use of ARPA funds which were agreed upon by Council for further consideration. It should be noted that during the FY 2023 Year-End Update presented to Council on October 17, 2023, the Council was informed that approximately \$939,000 in ARPA funds, which were previously approved by Council to help balance the FY 23 Operating Budget, had not yet been used for these purposes by the time of that presentation. With no need to balance General Fund operations in FY 23, the ARPA Fund is now estimated to have a balance of \$3.9M at the end of FY 25; after all actual and planned usages for FY 24 and FY 25 are taken into account. With regard to the last unaudited fiscal update, a \$1.7M surplus in the City's General Fund was anticipated for FY 2023, but this number could change pending the results of the final audit and Annual Comprehensive Financial Report (ACFR) to be completed by end of December 2023, and formally presented to the City Council in February of 2024.

NEXT STEPS

The proposal submitted by Lathrop for the Police Operations Building project 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 previously mentioned, staff is recommending that the trash enclosure (revocable bid item no. 1) not be awarded at this time since its location and size can be addressed by staff and later implemented as a separate project. Therefore, staff is recommending that City Council award and approve the construction contract for the Measure O – Police Operations Building project (No. 23-RR) to Lathrop Construction Associates, Inc., in an amount not to exceed \$29,454,000, plus a 10% change order contingency in the amount of \$2,945,400, to proceed with the remaining elements of the project's

construction. Per the City Council's earlier direction, staff also recommends removing the project's add alternate item (i.e., the solar panel vehicle canopies) from the award and allowing staff to implement the necessary adjustments to re-allocate the \$198,000 in SVCE grant funds from the Police project's current budget to the balance of a different Capital Improvement project to be determined by staff at a later date.

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 December 2023 to authorize the commencement of construction. Therefore, the following is an updated tentative schedule for construction of the Police Operations Building project:

Police Operations Building (Project No. 23-RR)	Date
Construction Notice to Proceed Issued for Police Operations Building Project	December 2023
Start of Construction for new Police Operations Building	January 2024 ±
Completion of Police Operations Building Project	August 2025, ±

FISCAL IMPACT

The award of the project's construction contract (without the trash enclosure) will have a fiscal impact of \$29,454,000. For large scale projects of this type, a 10% construction contingency is generally included to address any unforeseen situations or circumstances which may arise during construction and result in additional costs. As such, the Police Operations Building project will have a 10% construction contingency of \$2,945,400 – resulting in a combined fiscal impact of \$32,399,400.

This amount, along with staff's updates to the project's expenditure plan, have increased the project's total costs to \$35,692,975. In addition, the re-allocation (removal) of the SVCE grant funds (\$198,000) from the project's current budget will reduce its balance of available funds down to \$27,400,000. Therefore, approximately \$8,292,975 in additional funds will be required to award the construction contract and complete the project as designed.

At this time, sufficient funding is not available in the current CIP budget for the 'Measure O – Police Operations Building project (No. 23-RR)' to award the proposed contract amount and cover the costs associated with the project's remaining service expenditures. As such, staff is requesting City Council's authorization for the Finance Director to execute the necessary budget adjustments to provide the funds needed to complete these efforts in their entirety.

As previously mentioned, most of the project's funding gap can be addressed within the Measure O program itself and the reallocation of funds available in its current projects. Although these Measure O allocations will provide most of the funds necessary to supplement the project's projected budget deficit, additional City funds (i.e., non-Measure O) will also be needed to supplement the remaining balance.

To award the project's construction contract at this time, staff proposes the allocation of \$939,000 of ARPA funds consistent with the amount previously allocated for FY23 (and still available per the recent FY23 closeout updates) and supplementing the remaining balance with \$512,000 from the FY23 Operating Budget surplus as well as additional anticipated bond interest of \$342,000 for the remainder of FY24. This limited use of ARPA funds (leaving an ARPA balance of approximately \$3.0M at the end of FY25), is also consistent with the purpose of the funds, which were intended to help the City mitigate the financial impacts of the Covid-19 pandemic and the increased inflation rates experienced by the City. As mentioned earlier, these consequences had a financial impact of approximately \$3.5M to the Police project.

Based on this plan, the following funding sources, and their associated amounts, will be allocated to the balance of the Police project's current budget as follows:

Additional Funding Sources & Allocations to the Police Project (23-RR)

Funding Source		Amount
*1.	Measure O – Transfer of Surplus from Library Project (23-SS)	\$ 3,700,000
*2.	Measure O – Unallocated Shared Improvement Costs (21-MM)	\$ 1,300,000
*3.	Measure O – Allocation of Accrued Bond Interest	\$ 1,500,000
*4	Measure O – Anticipated Remaining Bond Interest in FY24	\$ 341,975
*5.	Partial Use of ARPA Funds	\$ 939,000
*6.	Partial Use Operating Budget Surplus for FY 23	\$ 512,000
Total Amount (i.e., amount of funds required to award Police construction contract)		\$ 8,292,975

**Reflected in Budget Adjustment Form*

With authorization from the City Council, the Finance Director will prepare the following budget adjustments to initiate the re-allocation of these funds to the balance of the Police project budget as specified in staff's proposed funding plan and recommended award strategy:

Budget Adjustment No. 1: Reallocate approximately \$3.7M in projected savings (surplus) from the Library Renovation project (No. 23-SS) to the Police Operations Building project (No. 23-RR).

Budget Adjustment No. 2: Reallocate \$1.3M from the Unallocated Shared Improvement Costs project (No. 21-MM) to the balance of the Police Operation Building project (No. 23-RR).

Budget Adjustment No. 3: Accessing and allocating approximately \$1.5M in interest earnings that the City has accrued through Q1 FY 2024 from the Measure O bonds to the balance of the Police Operation Building project (No. 23-RR). The funds associated with these interest earnings have already been authorized for use towards other Measure O project expenditures as needed.

Budget Adjustment No. 4: Allocating approximately \$342,000 in anticipated interest earnings for the remainder of FY 2024. Based on a current LAIF interest rate of 3.6%, and spend down of bond funds through FY 2024, staff is confident that at least this level of additional interest earnings will be received on the Measure O bond funds and can be used for the project.

Budget Adjustment No. 5: Shift \$939,000 of remaining ARPA funds to the Police Operation Building project (No. 23-RR).

Budget Adjustment No. 6: Shifting \$512,000 of the Operating Budget Surplus for FY 2023 to Police Operation Building project (No. 23-RR). If other funding sources are greater than expected, or project costs are less than expected, staff would return to

Council at a later date with a recommendation to return these funds to the General Fund so as to sufficiently maintain reserve balances.

Budget Adjustment No. 7: To defund (remove) the \$198,000 in SVCE grant funds from the Police project's current budget (No. 23-RR) for re-allocation to the balance of a different improvement project currently programmed in the City's CIP budget for FY 2023/24. Although that project will be determined at a later time, staff will ensure that its specifications, and subsequent use of funds, comply with SVCE's grant program requirements.

ALTERNATIVES

1. Do not award the Police Operations Building project at this time; defer to a later date.
2. Do not award the project's additional revocable bid items; explore other options for their implementation/deferral.
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

Attachment:

- a. Resolution
- b. Construction Contract Documents
- c. Budget Adjustment Form

RESOLUTION NO. 13082

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMPBELL AWARDING THE CONSTRUCTION CONTRACT FOR THE MEASURE O – POLICE OPERATIONS BUILDING PROJECT (NO. 23-RR) TO LATHROP CONSTRUCTION ASSOCIATES, INC.; APPROVING THE CONSTRUCTION CONTRACT IN THE AMOUNT OF \$29,454,000, PLUS A 10% CONSTRUCTION CONTINGENCY OF \$2,945,400; AUTHORIZING THE CITY MANAGER TO EXECUTE SAID AGREEMENT AS SPECIFIED IN CAMPBELL MUNICIPAL CODE SECTION 3.20.100; AUTHORIZING THE CITY ENGINEER TO NEGOTIATE AND EXECUTE CONTRACT CHANGE ORDERS UP TO AND WITHIN THE ALLOCATED CONSTRUCTION CONTINGENCY; AND AUTHORIZING THE FINANCE DIRECTOR TO PREPARE THE BUDGET ADJUSTMENTS NECESSARY TO AWARD THE PROJECT'S CONSTRUCTION CONTRACT AND FUND THE COSTS ASSOCIATED WITH ITS PLANNED EXPENDITURES.

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, in addition to its original allocation of Measure O funds, between 2018 and 2023, the Police Project also received additional funding from various State and local programs – increasing the project's total budget of available funds to \$27,598,000; and

WHEREAS, in early 2022, after evaluating the applications received in response to the separate RFQs advertised on behalf of each Measure O project, staff deemed the following contractors qualified to receive an invitation to bid on the Police project'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) Lathrop Construction Associates, Inc.; 3) Rodan Builders, Inc.; 4) Swinerton Builders; 5) BOBO Construction, Inc.; 6) Zovich & Sons, Inc.; and 7) Midstate Construction Corporation; and

WHEREAS, on July 18, 2023, the City Council adopted a resolution (No. 13022) approving the Police project's final PS&E and authorizing staff to issue a bid invitation to the project's list of prequalified construction contractors; and

WHEREAS, in August 2023, staff issued a bid invitation to the project's seven prequalified contractors which included a copy of the final PS&E, the contract document package for construction, and other information pertaining to the requirements of the bidding process; and

WHEREAS, based on these instructions, Rodan Builders, Inc., and Swinerton Builders were later disqualified from bid submission for failure to attend the mandatory pre-bid meeting; and

WHEREAS, of the five contractors remaining, the City received only three bids by the end of the submission deadline on October 4, 2023 – when, at which time, the results identified Bobo Construction, Inc. (BCI), Lathrop Construction Associates, Inc. (Lathrop), and Zovich & Sons, Inc., as the three submitting contractors; and

WHEREAS, at the time of bid opening, BCI was the apparent low bidder with a total base bid amount of \$26,513,000 and bid security bond of \$2,651,300; and

WHEREAS, the following day, the City received a letter from BCI requesting to be relieved of their bid due to a clerical error that omitted approximately \$5M from their total base bid amount; and

WHEREAS, pursuant to California Public Contract Code (PCC) Chapter 5. 'Relief of Bidders' [Sections 5100 – 5110], staff notified the City Council of BCI's intent to withdrawal and the circumstances that prompted their initial request; and

WHEREAS, on November 7, 2023, the City Council made a motion to relieve BCI of their bid for the Police Building project and authorize the subsequent return of their bid bond; and

WHEREAS, while preparing the "intent to award" for the project's construction contract to the second lowest bidder, Lathrop, staff discovered that their total base bid amount (\$29,656,000), and the separate 10% change order contingency (\$2,965,600), had exceeded staff's previous funding gap projections; and

WHEREAS, as a result, staff prepared and presented a financial analysis (report) to the City Council during the November 7, 2023, regular meeting, to facilitate discussions and receive feedback from the Council regarding different funding options to help staff craft a successful award strategy; and

WHEREAS, at the time, the City Council directed staff to proceed with the recommendation to award the project's full base bid amount, remove the alternate bid item and associated SVCE funds, and implement the necessary budget adjustments to complete these efforts; and

WHEREAS, since then, staff has received and finalized additional supplemental service contracts and adjusted the project's expenditure plan (table) to reflect their actual costs; and

WHEREAS, staff updated its previous recommendation to remove the trash enclosure (revocable bid item no. 1) from the award since its location and size can be addressed by staff and implemented later as a separate project, thereby reducing the project's contract amount by \$202,000 and 10% contingency by \$20,200; and

WHEREAS, based on these updates, the project's expenditure plan (table) has been revised with a new total of \$35,692,975, while the project's CIP budget has been updated to \$27,400,000, resulting in a budget deficit of approximately \$8,292,975; and

WHEREAS, to avoid delaying the project's tentative construction schedule, staff is recommending City Council's award and approval of the construction contract for the Measure O – Police Operations Building Project (No. 23-RR) to Lathrop Construction Associates, Inc., in an amount not to exceed \$29,454,000, plus a 10% change order contingency of \$2,945,400, and allowing staff to remove the trash enclosure as a separate project to be bid and implemented later in the construction phase; 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, since sufficient funding is not available in the City's approved CIP budget for 'Civic Center Improvements – Police Operations Building (Project No. 23-RR)' to award the proposed contract amount and 10% contingency, staff is also requesting the City Council's authorization for the Finance Director to execute the budget adjustments necessary to supplement these funds as needed; and

WHEREAS, budget adjustments will be prepared to initiate the following allocation of funds to the balance of the Police project's budget:

- **Budget Adjustment No. 1:** Reallocate \$3.7M in projected savings from the Library Renovation project (No. 23-SS) to the Police Operations Building project (No. 23-RR).
- **Budget Adjustment No. 2:** Redistribute \$1.3M from the Unallocated Shared Improvement Costs project (No. 21-MM) to the balance of the Police Operation Building project (No. 23-RR).
- **Budget Adjustment No. 3:** Accessing and allocating \$1.5M in interest earnings that the City has accrued through Q1 FY 2024 from the Measure O bonds to the balance of the Police Operation Building project (No. 23-RR).
- **Budget Adjustment No. 4:** Allocating \$342,000 in anticipated interest earnings from Q2 FY 2024 to Q4 FY 2024.
- **Budget Adjustment No. 5:** Shift \$939,000 of remaining ARPA funds to the Police Operation Building project (No. 23-RR).
- **Budget Adjustment No. 6:** Shifting \$512,000 of the Operating Budget Surplus for FY 2023 to Police Operation Building project (No. 23-RR). If other funding sources are greater than expected, or project costs are less than expected, staff will return to Council with a recommendation to return these funds to the General Fund so as to sufficiently maintain reserve balances.
- **Budget Adjustment No. 7:** Remove the \$198,000 in SVCE grant funds from the current Police Operation Building project (No. 23-RR) budget for re-allocation to the balance of a different improvement project currently programmed in the City's CIP budget for FY 2023/24.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Campbell hereby: 1) award the construction contract for the Measure O – Police Operations Building Project (No. 23-RR) to, Lathrop Construction Associates, Inc.; 2) approve the construction contract in the amount of \$29,454,000, plus a 10% construction contingency of \$2,945,400; 3) authorize the City Manager to execute said agreement as specified in Campbell Municipal Code Section 3.20.100; 4) authorize the City Engineer to negotiate and execute contract change orders up to and within the allocated construction contingency; and 5) authorize the Finance Director to prepare the budget adjustments necessary to award the project's construction contract and fund the costs associated with its planned expenditures.

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 December 2023 to authorize the commencement of construction at the project site.

PASSED AND ADOPTED this 21st day of November, 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

**City of Campbell
Request for Budget Adjustments**

Department/Program	Division	Date	Request No.
Public Works	23RR - Measure O - Police Operations Building	November 15, 2023	BA-13

Budget to be Reduced

Fund/Program	Account Number	Description	Amount
Adjustment No. 1 448.23SS	7883	Transfer from Library Project (23SS) to Police Ops Building (23RR)	\$ (3,700,000)
Adjustment No. 2 448.21MM	7883	Transfer Unallocated Shared Costs (21MM) to Police Building (23RR)	(1,300,000)
Adjustment No. 7 448.23RR	7883	Remove allocation of SVCE grant funds from Police Building (23RR)	(197,972)

Budget to be Increased

Fund/Program	Account Number	Description	Amount
Adjustment No. 1 448.23RR	7883	Transfer from Library Project (23SS) to Police Ops Building (23RR)	\$ 3,700,000
Adjustment No. 2 448.23RR	7883	Transfer Unallocated Shared Costs (21MM) to Police Building (23RR)	1,300,000
Adjustment No. 3 448.23RR	7883	Allocate Accrued Bond Interest to Police Building (23RR)	1,500,000
Adjustment No. 4 448.23RR	7883	Allocate FY24 Anticipated Bond Interest to Police Building (23RR)	341,975
Adjustment No. 5 221.990	9999	Partial Use of ARPA Funds towards Police Building (23RR)	939,000
448.990	6999	Partial Use of ARPA Funds towards Police Building (23RR)	939,000
448.23RR	7883	Partial Use of ARPA Funds towards Police Building (23RR)	939,000
Adjustment No. 6 101.990	9999	Partial Use of FY23 Operating Budget Surplus	512,000
448.990	6999	Partial Use of FY23 Operating Budget Surplus	512,000
448.23RR	7883	Partial Use of FY23 Operating Budget Surplus	512,000

REASON FOR REQUEST - BE SPECIFIC:

To prepare budget adjustments necessary to award the Measure O - Police Operations Building Project construction contract and fund the costs associated with its planned expenditures.

Will Fuentes Finance Director	Todd Capurso Public Works Director	Brian Loventhal City Manager
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