

REPORT

**To the Honorable Mayor and City Council
From the City Manager**

September 25, 2006

Subject

Rejection of Bids – Redwood Shores Community Library Project

Recommendation

By motion, reject all bids for the Redwood Shores Community Library Project, direct return of all bid securities, and authorize the re-advertisement for bids.

Background

This project is to construct a new 22,000 square foot branch library in Redwood Shores. Since 2002, the project has gone through a considerable public process in developing and creating an aesthetic and functional design. The design was completed and approved by the State's Department of Office of Library Construction (OLC) for advertising.

Utilizing the "Construction Management/General Contractor" bidding format, staff prepared 15 separate bid packages for various multi-trade contracts. Unfortunately, the totals of the lowest responsive bids received were considerably over the budget estimate. In addition, only one subcontractor's bid was received for many of the bid packages.

The apparent low bids are summarized below:

BP #	Description	Apparent Low Bidder*	Bid	Budget Estimate
1	Concrete Piles	Foundation Constructors	\$940,000.00	\$900,000.00
2	Site Work, Utilities, AC, Landscape	O'Grady Paving	\$1,525,000.00	\$990,000.00
3	Site & Building Concrete	Robert Bothman, Inc.	\$1,497,000.00	\$1,100,000.00
4	Structural Steel / Metal Fabrication	Glazier Iron Works	\$483,000.00	\$425,000.00
5	Metal Stud, Insulation., Drywall, Plaster	Allen Specialties	\$1,730,000.00	\$900,000.00
6	Rough Carpentry	Ralph Larsen	\$1,387,000.00	\$980,000.00
7	Roofing & Roof Accessories	Best Roofing, Inc.	\$595,000.00	\$500,000.00
8	Miscellaneous Finish Carpentry, Cabinets, Doors	Ralph Larsen	\$1,580,000.00	\$880,000.00
9	Glass & Glazing	Best Roofing, Inc.	\$1,189,000.00	\$650,000.00
10	Tile, slate tile, Access Floor, flooring	BT Mancini Co., Inc.	\$462,108.00	\$250,000.00

Apparent Low Bid Summary (Continued)

BP #	Description	Apparent Low Bidder *	Bid	Budget Estimate
11	Acoustical. Ceilings & Wall Panels	Performance Contracting, Inc.	\$59,950.00	\$190,000
12	Painting & Wall Covering	Blue Skies Painting	\$193,000.00	\$200,000
13	Fire Protection	Allied Fire Protection	\$261,867.00	\$125,000
14	Mechanical & Plumbing	Ray L. Hellwig Mechanical Co. Inc.	\$1,583,306.00	\$910,000
15	Electrical	Smith & Sons	\$1,783,000.00	\$1,000,000

Total Base Bids	\$15,269,231.00	\$10,000,000
Total Estimate	\$10,000,000.00	
Variance	\$ 5,269,231.00	
Variance %	52.7%	

The sum of all the apparent low multi-trade bids is 52.7% higher than the Budget Estimate of \$10,000,000.00 for the cost of construction.

The City's Construction Manager, Design Architect, and staff have carefully analyzed the bids and interviewed the multi-trade contractors to determine the reasons behind the high bids and the low number of bidders.

After canvassing various trade contractors on their bids for the project, it was disclosed that historically; bidding projects during the end of the summer does not produce a favorable bidding climate for public bids. For many of the multi-trade bids only one bid was received, reflecting a lack of competitive bidders. Prices for raw materials continue to be volatile, reflecting individual trade contractors' uncertainty of securing fixed prices. Furthermore, escalating labor costs and finding available skilled workers for some trades, has also contributed to the higher bids.

All of these factors contribute to the unsatisfactory bid results at this time.

Staff also met with the City of San Jose's Library Director and their Construction Manager to review their experience in similar-sized libraries they have recently bid. It was determined that re-packaging the design (plans and specifications) and re-advertising, using the conventional lump sum general contractor procurement, and delaying the bidding until mid-November, would result in more competitive and favorable bids. Staff also determined there should be no reduction in scope, due to the substantial delay in re-designing and getting OLC's re-approval will cause.

Therefore, staff recommends rejecting all bids, and re-advertising the project using the conventional bidding method of soliciting lump sum bids from general contractors. Modifications will be made to the specifications to clarify the use of lighting, flooring, and other systems that will increase competition.

The following schedule is based on re-packaging the design and re-bidding:

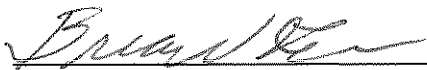
September 25, 2006	City Council rejects bids and authorizes re-advertisement
November 15, 2006	Bid Opening
November 27, 2006	Award Contract
January, 2007	Notice to Proceed
May, 2008	Complete Construction
July, 2008	Library Opens

Alternatives

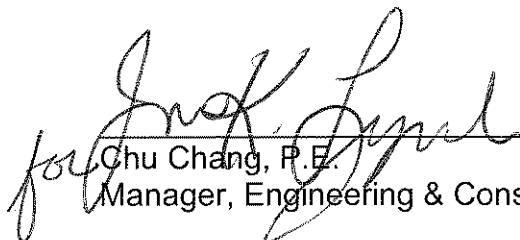
1. Council could approve the lowest multi-trade bidders from the above list, and authorizes an additional \$5.3 million for construction. This would require significantly reprogramming funds from other projects.
2. Council could direct staff to redesign this facility, with the goal of reducing costs. Staff does not recommend this action.

Fiscal Impacts

Currently, the account has a balance of \$13,600,000 available in the FY 2006-2007 Capital Improvement Program Budget from the Capital Projects Fund and the GID 1-64 Facilities Fee Fund. (State grant funds in the amount of \$10.1 million were previously authorized by the Office of Library Construction and \$5.3 million was allocated from the GID 1-64 budget for this project).



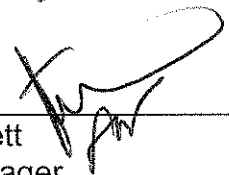
Brian Lee, P.E.
Senior Civil Engineer



Chu Chang, P.E.
Manager, Engineering & Construction



Peter Ingram
Community Development Director



Ed Everett
City Manager

* The complete list of bidders is available in the City Clerk's Office.

BL:ss
s/library/reports/brian/2006/Reject all bids_RWS Community Library