

AGENDA ITEM 3.B

REQUEST

1) REJECT ALL BIDS FOR THE TEMPORARY EMERGENCY HOUSING PROJECT ON ARBOR AVENUE, SITE IMPROVEMENTS CONSTRUCTION PACKAGE 2, CIP 71112, AND 2) AUTHORIZE STAFF TO RE-ADVERTISE THE PROJECT, WITH MODIFICATIONS AS DEEMED NECESSARY BY THE CITY MANAGER

EXECUTIVE SUMMARY

Staff requests that City Council reject all bids for the Temporary Emergency Housing Project on Arbor Avenue, Site Improvements Construction Package 2, CIP 71112 (Project) and authorize staff to re-advertise the Project and allow the City Manager to make modifications, if necessary. The sole bid package received did not include the required Federal Disadvantaged Business Enterprise Information Forms required for compliance with U.S. Department of Housing and Urban Development (HUD) guidelines for the Community Development Block Grant (CDBG) funding for the Project. Additionally, there were miscalculations in regard to construction supply and lead times on ordering of parts that need to be taken into account in the re-advertisement. To ensure grant compliance, City staff deemed the bid as non-responsive and requests rejection to adhere to the CDBG guidelines.

In addition to rejecting the bids, staff also requests re-advertising the project, with modifications as deemed necessary by the City Manager. The new estimates are twenty to twenty-five percent higher given the unprecedented escalation of costs in recent market conditions. A preliminary revised engineers' estimate, that includes the noted percentage increase, put the new estimate of the cost of the project at \$8,300,000, subject to any market changes.

DISCUSSION

On September 1, 2020, Council authorized the creation of a Capital Improvement Project (CIP) for the Temporary Emergency Housing Project on Arbor Avenue, CIP 71112, to create a safe and dignified facility for residents experiencing homelessness.

To expedite the beginning of site work, the project construction work was divided into a preliminary phase (Phase 1) of demolition, rough grading and installation of underground utilities, design work that City staff could prepare in house, and a secondary phase (Construction Package 2) of full site construction and development that required the work of the design consultant, The KPA Group, LLC (Consultant).

The demolition, rough grading and installation of underground utilities phase (Phase 1) of the Project is currently underway and is expected to be completed by September 2022.

The second construction contract for site improvements (Construction Package 2) was advertised for competitive bids on June 8, 2022, June 10, 2022, and June 15, 2022. In addition to the advertising, informational emails about the project were sent out to

contractors who had previously contracted with the City and as well as posting the project on the City project website. Staff held a contractor information meeting publicly online on June 21, 2022, to provide information to interested contractors about the scope and components of work, the City supplied items, and to address questions about the Project. The meeting was recorded, and the video was added to the project information page of the City website. Questions from the meeting and those submitted in writing to the project manager were responded to through a written addendum to the contract documents that were distributed to all contractors through QuestCDN and the builder's exchanges that serve the contractors. At the time of the public meeting, staff was aware of five (5) prime contractors that had requested plans or attended the public meeting.

Bids were received and publicly opened in City Hall Conference Room 203, and online via video conference call at 2:00 p.m. on Wednesday, July 20, 2022, with the following results:

Contractor	Base Bid
GOWAN CONSTRUCTION, INC., OF TRACY CA	\$11,657,389

At the opening of the bids, only one bid was received, and a review of the submitted bid found mathematical errors and that the actual total of all bid items was \$11,657,389, however, the bid document showed a total of \$12,330,815.

After further review, the bid was also deemed non-responsive because the required federal compliance forms were not included in the bid packet. Federal grant funding requires contractors to complete a variety of forms that include the good faith efforts performed by the contractor to engage Disadvantaged Business Enterprise (DBE) subcontractors. The bid from Gowan Construction, Inc. did not contain the necessary DBE for the proposed contractors.

The design team contacted several potential bidders and received input about why some contractors choose not to bid on this Project. One contractor indicated that a required electrical equipment component has a lead time of 270 days, which exceeded the contract term of 180 days. The lead time was much longer than indicated by research done by the design team prior to advertising the bid. Contractors are required to complete all contract work within the contract term or be subject to penalties in the form of daily Liquidated Damages. Contractors risk significant losses if they do not complete the work within the contract term. Another contractor stated that expectations for completion and occupancy were not realistic given the restraints of the market conditions currently. One contractor noted that they had two other navigation center projects pending and did not have adequate staff to also complete this City project.

The sole bid received by Gowan Construction, Inc. significantly exceeded the engineers' estimate of \$6,900,000. A detailed review of the engineers' estimate is underway, but the initial conclusions are that in the current construction market conditions, that include material shortages and high fuel costs, that there has been a recent overall increase of an estimated twenty percent in construction bids, which was not accounted for because of unprecedented escalation of rates in these areas. Additionally, shortages of a key component of concrete, fly ash, have increased the cost of all concrete work by twenty-five percent. A preliminary revised engineers' estimate, that includes the noted percentage increase, put the new estimate of the cost of the project at \$8,300,000, subject to changing market conditions.

Prior to re-advertising the Project, additional research about current material delivery times and impacted supply chains will be conducted and considered when determining the number of calendar days allowed for completion of the contract work, if some items of work can be value engineered, and if contract requirements should be revised.

STRATEGIC PLAN

This agenda item supports the City of Tracy's Public Safety Strategic Priority, Goal No. 2, Implement the Adopted Homeless Strategic Plan.

FISCAL IMPACT

This action has no impact on the Project budget for CIP 71112 Temporary Emergency Housing Project on Arbor Avenue. CIP 71112 has a Project budget of \$10,013,851 and the current available budget is \$6,632,951 as follows:

<u>Fund</u>	<u>Budget</u>	<u>Expense</u>	<u>Balance</u>
252 - ARPA	\$ 4,500,000	\$1,528,162	\$2,971,838
San Joaquin County (GF)	\$ 3,661,113	\$ -	\$3,661,113
261 - HHAP	\$ 329,240	\$ 329,240	\$ -
268 - CDBG	\$ 833,498	\$ 833,498	\$ -
282 - Housing Successor	\$ 690,000	\$ 690,000	\$ -
<u>Totals</u>	<u>\$ 10,013,851</u>	<u>\$3,380,900</u>	<u>\$6,632,951</u>

RECOMMENDATION

It is recommended that City Council, by resolution, 1) reject all bids for the Temporary Emergency Housing Project on Arbor Avenue, Site Improvements Construction Package 2, CIP 71112, and 2) authorize staff to re-advertise the Project, with modifications as deemed necessary by the City Manager.

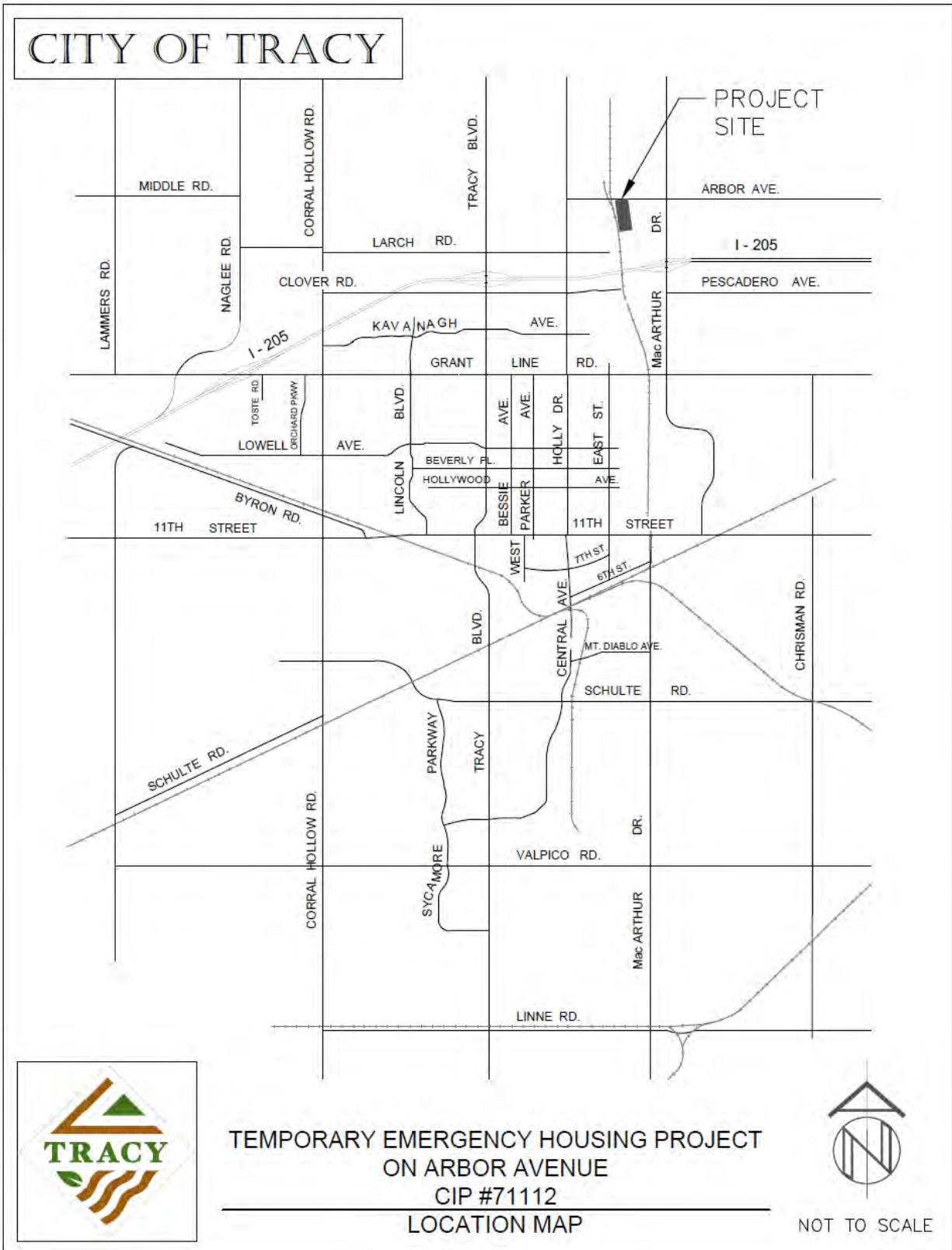
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Karin Schnaider, Assistant City Manager
Midori Lichtwardt, Assistant City Manager

Approved by: Michael Rogers, City Manager

ATTACHMENTS

Attachment A – Location Map



TRACY CITY COUNCIL
RESOLUTION 2022-_____

1) REJECTING ALL BIDS FOR THE TEMPORARY EMERGENCY HOUSING PROJECT ON ARBOR AVENUE, SITE IMPROVEMENTS CONSTRUCTION PACKAGE 2, CIP 71112, AND 2) AUTHORIZING STAFF TO RE-ADVERTISE THE PROJECT, WITH MODIFICATIONS AS DEEMED NECESSARY BY THE CITY MANAGER

WHEREAS, The Project was advertised for competitive bids on June 8, 2022, June 10, 2022, and June 15, 2022, additionally informational emails were sent directly to contractors and the project was posted on the City's website; and

WHEREAS, On July 20, 2022, when the bid was publicly opened only one bid was received; and

WHEREAS, The sole bid received did not include the required Federal Disadvantaged Business Enterprise Information forms causing the bid to be deemed non-responsive; and

WHEREAS, In addition to being deemed a non-responsive bid, the sole bid substantially exceeds project Engineers' Estimate and the available funds for this Project; and

WHEREAS, Investigation conducted by staff and design team suggested that there were multiple factors in the City not receiving sufficient amount of responsive bids; and

WHEREAS, Supply chain delays for material and equipment lead times may have exceeded the allowable contract days discouraging bidders; and

WHEREAS, Due to construction market conditions, there have been an increase of material and gas costs, which account for an overall increase of an estimated twenty to twenty-five percent of the Project total; and

WHEREAS, Because of the changes in market conditions, the Project needs to be re-advertised, taking into account the overall increases in price, and allow the City Manager to make modifications, as deemed necessary; now therefore, be it

RESOLVED: That the City Council of the City of Tracy hereby rejects all bids for the Temporary Emergency Housing Project on Arbor Avenue, Site Improvements Construction Package 2, CIP 71112; and be it

FURTHER RESOLVED: That City Council authorizes staff to re-advertise the Project, with modifications as deemed necessary by the City Manager.

The foregoing Resolution 2022-_____ was adopted by the Tracy City Council on the 16th day of August 2022, by the following vote:

AYES:	COUNCIL MEMBERS:
NOES:	COUNCIL MEMBERS:
ABSENT:	COUNCIL MEMBERS:
ABSTENTION:	COUNCIL MEMBERS:

 NANCY D. YOUNG
 Mayor of the City of Tracy, California

ATTEST:

 ADRIANNE RICHARDSON
 City Clerk and Clerk of the Council of the
 City of Tracy, California