

STAFF REPORT

City Council Business Item

DATE: February 6, 2023

TO: Honorable Mayor and Council Members

FROM: Brendan Byrd, Public Works Director/City Engineer

THROUGH: Merritt Perry, City Manager

SUBJECT: **Authorization to Award Construction Contract for the Police Facility Remodel Project to Sequoia Construction**

STAFF RECOMMENDATION:

Authorize the City Manager to award the Police Facility Remodel Project (CIP 9104) to Sequoia Construction Specialties and establish a maximum contract amount of \$2,920,000, and authorize Supplemental Budget Request for \$2,000,000.

EXECUTIVE SUMMARY:

The Police Facility Remodel Project bid package was released and publically advertised on October 31st, 2022. The bid period ended on January 5, 2023, at which time the City received three bids. The bid totals are shown in the table below:

Bid Schedule	Bidder		
	Sequoia Construction Specialties	Adams Commercial General Contracting	Beacom Construction
Total Base Bid	\$2,538,000	\$2,711,770	\$3,005,021

The apparent low bid was submitted by Sequoia Construction Specialties, with a total bid price of \$2,538,000. Staff have reviewed the bid and found that it is reasonable and within the engineers' estimate developed for the project. Staff are recommending that the council award the contract amount and include a contingency of approximately 15% to cover unforeseen changes that may arise during project. This would result in a contingency of approximately \$382,000, and a recommended maximum contract amount of \$2,920,000. Construction contingencies generally range from 10-20%, and in this case staff feel that a higher contingency is warranted given the uncertainties that can arise in building remodel projects when the true existing conditions are not known until interior demolition.

After the bid opening City staff confirmed an error regarding the DIR registration for one of Sequoia Construction's subcontractors. The City also received a bid protest from the number-two bidder,

Adams Commercial General Contracting, regarding the same issue. These items were discussed in detail in the previous staff report for the project, and if that business item is approved by the Council then Sequoia’s bid can be confirmed as responsive, and staff recommends that the Council authorize the award of the contract to Sequoia Construction. If the contract is awarded, construction is anticipated to begin as soon as late February, and the current construction contract deadline is the end of 2023. The draft Notice of Potential Award is included as Attachment A.

In addition to the construction contract, staff are working with other specialty contractors that will be needed to complete portions of work on the project that are outside of the City’s proposed contract with Sequoia. These contractors include Whitchurch Engineering for design and construction support, Silke Communications for the Police dispatch radios, Pacific Gas and Electric (PGE) for the upgrade to the power service for the building, and Nylex for computer server upgrades and network support. Estimated costs for these efforts are included in the Financial Impact section below. These contracts and costs will be brought to the Council for authorization as separate stand-alone items as needed (and as cost estimates are developed), or as part of the 2023/24 Capital Improvement Program and Budget and estimates are shown below.

FINANCIAL IMPACT:

The anticipated budget for the project is shown in the table below. Only the amount of the construction contract with Sequoia Construction is known at this time. More accurate estimates are being developed for the other support services and will be brought to the council at a later date.

Contractor	Project Cost	Funding Source
Sequoia Construction	\$2,920,000	ARPA/General Fund/Potential Grant Funding
PGE	\$50,000-\$100,000	ARPA/General Fund/Potential Grant Funding
Nylex	\$85,000	ARPA/General Fund/Potential Grant Funding
Silke Communications	\$150,000	Police Asset Seizure
Whitchurch Engineering	\$70,000	ARPA/General Fund/Potential Grant Funding
Total Estimated Cost	3,325,000	

The City Council included \$2,000,000 in American Rescue Plan Act (ARPA) funds to be used on the Police Facility project in FY 2021-22. Staff is proposing a Supplemental Budget Request (SBR) to roll over those funds into the FY 2022-23 budget. This is anticipated to cover the costs for Sequoia Construction, PGE, Nylex, and Whitchurch Engineering for the project in FY 2022-23. The remaining costs (\$1,325,000) will be included in the budget for FY 2023-24. It is expected that the City’s remaining ARPA funds of \$350,000 will also be budgeted for use on the project.

Staff are also working on identifying other funding sources that may be used for the project in the next fiscal year including Humboldt County Measure Z, City of Fortuna Measure E and Asset Seizure. Asset Seizure funding that had been allocated in the police department for radio upgrades in previous budgets, but the project was postponed to wait until the new police facility was in development. If other funding sources are not found, the remaining balance would come from General Fund Reserves. Therefore, if Asset Seizure Funds in the amount of \$150K, and ARPA funds in the amount of \$350K are applied to the project, the remaining amount that would need to come from the General Fund Reserves is \$825,000.

RECOMMENDED COUNCIL ACTION:

1. Receive staff presentation and review Council questions with staff
2. Open Public Comment
3. Close Public Comment
4. Motion to Authorize the City Manager to award the Police Facility Remodel Project (CIP 9104) to Sequoia Construction Specialties and establish a maximum contract amount of \$2,920,000, and authorize Supplemental Budget Request for \$2,000,000. Voice vote.

ATTACHMENTS:

- Attachment A – Draft Notice of Potential Award
- Attachment B – Supplemental Budget Request

Attachment A

Sent via _____
February 7, 2023
Brian Prichard
Sequoia Construction Specialties
PO Box 6061
Eureka, CA 95502
brian@sequoiaconst.com

Re: **NOTICE OF POTENTIAL AWARD**
Police Facility Remodel Project

Dear Mr. Zabel:

I am pleased to inform you of the intent to recommend that the City Council or its authorized designee award the Contract for the above-referenced Project ("Project") to Sequoia Construction Specialties ("Contractor") for the Contract Price of \$2,538,000, based on Contractor's Bid Proposal submitted on January 5, 2023.

A copy of the Contract accompanies this Notice. Contractor must execute 2 copies of the enclosed Contract and return the wet-inked copies to my attention, accompanied by the required Payment Bond, Performance Bond, and insurance certificates and endorsements, no later than ten days from the date of this Notice of Potential Award, above.

Failure to execute and return the enclosed Contract and required bonds and insurance documentation within the specified time could result in forfeiture of Contractor's bid security. This Notice of Potential Award does not bind the City to award the Contract. The City, acting through its City Council or authorized designee, reserves the right to reject any or all bids, and the right to decline to award the Contract, notwithstanding any staff recommendation.

Please acknowledge receipt of this Notice of Potential Award by signing the attached Acknowledgement of Notice of Potential Award, as indicated, and transmitting the Acknowledgement to my office via email at mperry@ci.fortuna.ca.us; Do not hesitate to contact me if you have any questions in this regard.

Sincerely,
Merritt Perry
City Manager

Enclosure

Acknowledgement of Notice of Potential Award

On behalf of < _____ > ("Contractor"), I acknowledge receipt of the Notice of Potential Award for the Police Facility Remodel Project:

s/ _____

Name: _____

Title: _____

Date: _____