



## Legislation Text

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**File #:** 17-174, **Version:** 1

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Staff Report for a Resolution to Award a Construction Contract to Cal Electro, Inc. for the Fiber Network Extension Project, Project No. 2013.0320; Authorization for the City Manager to Negotiate and Approve Individual Change Orders Up to 10% of the Original Contract Amount; and Authorization for the City Manager to Negotiate and Approve Cumulative Change Orders Up to 25% of the Original Contract Amount

### **SUMMARY AND RECOMMENDATIONS**

This contract will install conduit and pull boxes ready for the installation of fiber optic communication cable and accessories for the next phase of the dark fiber network extension.

Staff recommends the following actions:

- Award a construction contract of the Base Bid to Cal Electro, Inc. in the amount of \$427,830.00 for the subject project; and
- Authorize individual change orders up to 10% of the original contract (\$42,783.00), and authorizing a total change order amount up to 25% of the original contract (\$106,957.50).

### **BACKGROUND**

To promote business growth, the City desires to expand its high speed communication infrastructure into underserved industrial areas of the City. The City applied for and acquired \$2,121,000.00 grant funding from the United States Economic Development Agency (EDA) for installation of communications conduits. With this grant funding, the City expanded its communications network capability with the installation of eight and a half miles of conduit ready to receive fiber optic cable. The expansion includes: an alignment north along Doolittle Drive to the City border and around the Adams Avenue Tract; a loop around Marina Boulevard, Monarch Bay Drive, Fairway Drive and Catalina Street for future Shoreline service; an alignment along the Alvarado Street & Teagarden Street industrial corridors; and a critical loop separation between City Hall and the Main Library. Utilizing the remaining grant balance of \$133,000, this project will add approximately 1.3 miles of additional conduit, along Washington Avenue completing a network loop between the Public Works Service Center and conduit in San Leandro Boulevard at Polar Way. The alignment also includes conduit to two traffic signals for future signal interconnects and conduit to the San Leandro Hospital and the Ghirardelli Chocolate properties.

The project included a base bid for the installation of a total of 7,000 feet of conduit. Optionally, Deductive Alternate A reduces the total length to 6,500 feet and Deductive Alternate B reduces the total length to 5,300 feet. Deductive alternate bids as opposed to additive alternates are mandated by the grantor.

### **Analysis**

Bids were opened on March 29, 2017. Two (2) bids were received ranging from \$427,830.00 to \$871,905.00 (base bid); the pre-bid engineer's estimate for construction was \$461,465.00 (base bid). Cal Electro, Inc. was determined by staff to be the lowest responsible bidder.

The EDA grant process prohibits additive alternate bidding processes. However, it allows for deductive bidding processes. To ensure that the City maximizes the use of the grant funds, the bid documents were developed to contain Bid Alternates "A" and "B" for a selection of conduit alignments in the project scope. With this setup, there is a greater chance that either the entire project is constructed, or part of it is constructed within the remaining EDA grant funds. The amount of the actual base bid is within the engineer's estimate; and thus, the deductive alternates will not be used.

The San Leandro Local Inclusion Policy Ordinance did not apply to this project because of the EDA grant requirements. Staff verified that the contractor has a valid license with the Contractor's State License Board and is registered with the California Department of Industrial Relations.

### Contract Change Orders

As is standard in the construction industry, staff balanced site investigation costs with the risk of finding unforeseen conditions during construction as well as the design costs with the level of detail on the plans. As a result, unforeseen conditions may be encountered during construction and plan details may need to be adjusted or clarified. In order to minimize delays to the project and ensure that the scope of work is adjusted as needed to provide the highest quality project for the City, staff requests that the City Council authorize the City Manager or his designee to negotiate and approve individual change orders up to 10% (or \$42,783.00) of the original contract amount, and cumulative change orders up to 25% (or \$106,957.50) of the original contract amount. This will ensure efficient completion of the project on budget and on schedule.

### Current Agency Policies

- Advance projects and programs promoting sustainable economic development, including transforming San Leandro into a center for innovation
- Maintain and enhance San Leandro's infrastructure

### Previous Actions

On March 7, 2016 by Resolution No. 2016-029, the City Council accepted the work completed by Flatiron Electric Group, Inc.

On June 15, 2015 by Resolution No. 2015-107, the City Council increased the construction contract change order cap from 25% to 40%

On July 7, 2014 by Resolution No. 2014-068, the City Council awarded a contract for construction of the work to Flatiron Electric Group, Inc.

### Applicable General Plan Policies

**Economic Development Goal ED-1** Attract jobs and investment across all economic sectors.

**Economic Development Goal ED-3** Adapt, reimagine, and reinvent traditional business models to put San Leandro on the leading edge of the innovation economy.

**Community Services and Facilities Goal CSF-4** Maximize access to information and communication services for San Leandro residents and businesses.

**Environmental Review**

This project is categorically exempt from the California Environmental Quality Act (CEQA) per Section 15304(f) of the CEQA guidelines. The Notice of Exemption was filed with the Alameda County Recorder on May 10, 2013.

**Permits and/or Variances Granted**

Union Pacific has issued Wireline Crossing Agreements for the locations where the project will cross railroad right of way.

**Summary of Public Outreach Efforts**

- The Notice to Bidders was published in the Daily Review, the South County Post, Visión Hispana and the World Journal.
- Staff also notified twenty-one builders' exchanges and construction data firms as well as a list of contractors that asked to be notified of bidding opportunities via email.
- The project is described on the Engineering and Transportation Department website.
- Residents and businesses adjacent to the work will receive notice of temporary no parking zones 3 days in advance of the work.

**Fiscal Impacts**

The total project cost, including work previously completed under this grant funding, conduit installation construction, contingencies and construction management, is estimated at \$2,715,673.85 as follows:

Previously Completed Conduit Installations through a Separate Contract	\$2,104,909.35
Design, Bid and Award	\$ 46,812.00
Cost of this Contract	\$ 427,830.00
<u>Construction Management, Inspection, and Contingency</u>	<u>\$ 136,122.50</u>
Total Estimated Cost of Project	\$2,715,673.85

The subject contract is in the amount of \$ 427,830.00. If change orders are needed, the maximum authorized total contract amount by this action is \$534,787.50. Change orders that increase the project cost beyond the budget authority will not be issued without Council approval of an additional appropriation.

**Budget Authority**

The funding for the entire project is as follows:

<u>Account No.</u>	<u>Source. &amp; Approp. Date</u>	<u>Approp. Amount</u>	<u>Funds Available</u>
150-38-347	EDA Grant, FY 2012-13	\$2,121,000.00	\$ 133,000.00
120-38-347	DFSI, FY 2012-13	\$ 150,000.00	\$ 0.00
210-38-347	CIP Fund, FY 2012-13	\$ 352,000.00	\$ 336,000.00
120-28-196	DFSI, FY 2016-17	\$ 491,000.00	\$ 491,000.00
Subtotal		\$3,114,000.00	\$ 960,000.00

**ATTACHMENTS**

- Bid Summary - Fiber Conduit Network Extension Project

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