



City Council Report

Item: 10.
Category: New Business
Meeting Date: May 17, 2011

TITLE: Reject Bid Proposal from Star Construction, Inc., Award of Contract to Perma Green Hydroseeding, Inc., Authorize the City Engineer to Execute Contract and Authorize Advance of Funds for Construction of the Stojanovich Family Park Project 08-10 (Resolution/Roll Call Vote)

RECOMMENDATION

That the City Council adopt the attached resolution:

1. Rejecting the bid proposal received from Star Construction, Inc. as non-responsive.
2. Awarding the contract to the second lowest bidder, Perma Green Hydroseeding, Inc.
3. Authorizing the City Engineer to execute a contract with Perma Green Hydroseeding, Inc. for \$1,024,913, and encumber an 11% construction contingency of \$117,087, for a total contract amount not to exceed \$1,142,000.
4. Authorizing the City Engineer to execute contract change orders up to and within the 11% construction contingency.
5. Authorizing an advance of funds for the construction of the Stojanovich Family Park Project (08-10).

BACKGROUND

On May 4, 2010, after a park development process that included extensive public meetings, the City Council approved the final conceptual design for the Stojanovich Family Park project. On February 15, 2011, the City Council approved the plans and specifications and authorized the solicitation of bids for the Stojanovich Family Park Project (08-10).

Incorporated in the plans and specifications for the project is a three year extended plant establishment provision. This provision requires the contractor to monitor and maintain the park for an extended three years following completion of construction to ensure that all plant materials are established and thriving and ready for long-term, routine maintenance. This provision requires the contractor to possess a specialty landscape license to ensure quality performance of the duties required during the extended plant establishment period.

The City will assume park maintenance responsibilities following this extended plant establishment period, which, based on the current project schedule, will occur at the end

of calendar year 2014. The City's multi-year budget projection currently includes \$50,000 for park maintenance costs associated with Stojanovich Family Park beginning in FY15.

DISCUSSION

The bid opening for the Stojanovich Family Park Project took place on April 19, 2011 where seven bids were received. The bids ranged from \$923,533.60 to \$1,245,316. The Engineer's Estimate for construction was \$1,213,140. Although the low bidder, Star Construction, Inc. did have a Class A license, they did not have the specialty license required in the project specifications for the three year extended plant establishment provision. Therefore, staff is recommending that the bid proposal received from Star Construction be rejected as non-responsive.

The next lowest bidder, Perma Green Hydroseeding, Inc. submitted a bid of \$1,024,913, which is approximately 16% below the Engineer's Estimate. The bid proposal from Perma Green Hydroseeding was determined to be reasonable and responsive. Perma Green Hydroseeding, Inc. currently possesses all required licenses per the project specifications.

Staff is recommending that the City Council adopt the attached resolution awarding the contract to Perma Green Hydroseeding, Inc. and authorizing the City Engineer to execute a construction contract with Perma Green Hydroseeding, Inc. in an amount of \$1,024,913 and to encumber an 11% construction contingency in an amount of \$117,087 for a total contract amount not to exceed \$1,142,000. The attached resolution also authorizes the City Engineer to negotiate and execute contract change orders up to and within the contingency amount.

The following is the anticipated schedule for the Stojanovich Family Park Project:

Begin Construction	June 2011
Construction Complete	Dec 2011

FISCAL IMPACT

The anticipated Source and Use of Funds for the project is as follows:

<u>Source of Funds</u>	
Park Dedication Fund	\$3,877,500
Santa Clara Co. Open Space Authority	77,000
Total Source of Funds	\$3,954,500

Use of Funds

Land Acquisition	\$2,377,500
Design, Engineering, Project Management	375,000
Public Art	25,000
City Supplied Materials	35,000
Park Construction	1,024,913
Construction Contingency (11%)	117,087
Total Use of Funds	\$3,954,500

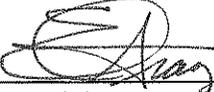
Park Dedication Fund Deficit

As was previously reported to Council on February 15, 2011 with the approval of plans and specifications and authorization to solicit bids, there is currently a deficit in the Park Dedication Fund. This deficit is primarily the result of the fact that the City has not received projected Park Dedication fee revenue from two major approved projects: Merrill Gardens and Riverside Plaza. A substantial reduction in the Park Dedication Fund deficit is expected to occur by fiscal year-end as Merrill Gardens is expected to contribute \$533,790 in Park Dedication fees by June 30, 2011.

In the near term there is still a shortfall and staff is recommending that up to \$400,000 be advanced from the City's Capital Improvement Reserve Fund (CIPR) to the Park Dedication Fund in order to proceed with the Stojanovich Family Park project. As the residential construction sector recovers and contributes to the Park Dedication Fund, the fund will be replenished. The adopted 2011-2015 CIP projects an available fund balance in CIPR at the end of FY13 of \$1.95 million, with a FY15 ending fund balance of \$600,000, indicating an adequate cushion for advancing funds for the Stojanovich Family Park project without impacting projects proposed to be funded from CIPR in the adopted CIP. Staff anticipates sufficient funds in the Park Dedication Fund to pay for Stojanovich Family Park and have a balance of approximately \$640,000 at the end of FY 12.

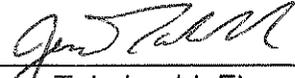
ALTERNATIVES

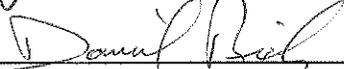
1. Do not reject the bid proposal from Star Construction, Inc. and accept their bid and award the contract to Star Construction, Inc.
2. Reject all bids and re-bid the project.
3. Provide other direction to staff.

Prepared by: 
Edward Arango, Associate Civil Engineer

Reviewed by: 
Michelle Quinney, City Engineer

Reviewed by: 
William Seligmann, City Attorney

Reviewed by: 
Jesse Takahashi, Finance Director

Approved by: 
Daniel Rich, City Manager

Attachment: Resolution

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMPBELL
REJECTING THE BID PROPOSAL FROM STAR CONSTRUCTION, INC.,
AWARDING THE CONSTRUCTION CONTRACT TO PERMA GREEN
HYDROSEEDING, INC., AUTHORIZING THE CITY ENGINEER TO EXECUTE A
CONTRACT WITH PERMA GREEN HYDROSEEDING, INC. AND
AUTHORIZING AN ADVANCE OF FUNDS FOR THE
STOJANOVICH FAMILY PARK PROJECT (08-10)**

WHEREAS, on February 15, 2011, the City Council approved the plans and specifications for the Stojanovich Family Park project (08-10) and authorized the solicitation of bids for construction; and

WHEREAS, the low bidder, Star Construction, Inc., was non-responsive as they did not satisfy the licensing requirements per the specifications; and

WHEREAS, Perma Green Hydroseeding, Inc. submitted the next lowest bid in the amount of \$1,024,913 and their bid was determined to be reasonable and responsive; and

WHEREAS, the project will be funded through the Park Dedication Fund; and

WHEREAS, the City's adopted CIP indicates a current year deficit in the Park Dedication Fund; and

WHEREAS, the City's Capital Improvement Reserve Fund (CIPR) has funds available in the short term to advance to the Park Dedication Fund; and

WHEREAS, up to a \$400,000 advance from the CIPR is needed to fund the project.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Campbell hereby:

1. Rejects the bid proposal from Star Construction, Inc. as non-responsive.
2. Awards the contract to Perma Green Hydroseeding, Inc.
3. Authorizes the City Engineer to execute a contract with Perma Green Hydroseeding, Inc. in an amount of \$1,024,913 and encumber an 11% construction contingency of \$117,087, for a total contract amount not to exceed \$1,142,000.
4. Authorizes the City Engineer to execute contract change orders up to and within the 11% construction contingency.
5. Authorizes an advance of funds from the Capital Improvement Reserve Fund for the construction of the Stojanovich Family Park Project (08-10).

PASSED AND ADOPTED this 17th day of May, 2011, by the following roll call vote:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

APPROVED:

Attest:

Jason T. Baker, Mayor

Anne Bybee, City Clerk