

## City Council Staff Report

DATE:

April 15, 2015

CONSENT CALENDAR

SUBJECT:

AWARD A CONSTRUCTION CONTRACT TO ABBOUD DIAMOND CONSTRUCTION, INC., A CALIFORNIA CORPORATION, IN THE AMOUNT OF \$414,000 FOR THE DESERT HIGHLAND UNITY CENTER GYM AIR CONDITIONING IMPROVEMENTS. CITY PROJECT NO 14-15

FROM:

David H. Ready, City Manager

BY:

Maintenance and Facilities Department

## **SUMMARY**

Award of this contract will allow the City to proceed with construction of the Desert Highland Unity Center Gym Air Conditioning Improvements, City Project No. 14-15.

### **RECOMMENDATION:**

- In accordance with Section 5101 of the California Public Contract Code, consent to relieve Sea Pac Engineering, Inc. of their low bid in the amount of \$325,100 because of a mistake made in completing the bid submitted for the Desert Highland Unity Center Gym Air Conditioning Improvements, City Project No. 14-15;
- 2. Cancel the Arnico Tract Sewer Improvements (Phase 4), and authorize the appropriation of \$176,615 in Measure J Capital Project Funding originally programmed for the Arnico Tract Sewer Improvements (Phase 4) for the Desert Highland Unity Center Gym Air Conditioning Improvements, City Project No. 14-15;
- Award a construction contract (Agreement No. \_\_\_\_) to Abboud Diamond Construction, Inc., a California corporation, in the amount of \$414,000 for the Desert Highland Unity Center Gym Air Conditioning Improvements, City Project No. 14-15; and
- 4. Authorize the City Manager to execute all necessary documents.

## STAFF ANALYSIS:

Included as part of the Fiscal Year 2013/14 Measure J capital project budget was \$175,000 request to install a new heating, ventilation, and air conditioning ("HVAC") system in the gymnasium at the Desert Highland Unity Center. The gymnasium has never had an air conditioning system, and has relied on an old evaporative cooling ("swamp cooler") for cooling. The initial request proposed a new modern HVAC system

to allow the gymnasium to be used year-round, and particularly during the summer months given designation of the gymnasium as a "cooling center".

The existing gymnasium is currently heated using four ceiling hung gas-fired unit heaters. Partial cooling for the gymnasium is provided using four evaporative coolers; there is no mechanical cooling system of the gymnasium. The scope of the project includes full replacement of the existing HVAC equipment by consolidating both the heating and mechanical cooling functions into the same system.

Utilizing the City's on-call architectural services agreement, staff entered into an agreement with Urrutia Architects to prepare the necessary architectural, mechanical, electrical and plumbing drawings for the new HVAC system. The original scope of the project anticipated roof mounted HVAC units using the existing electrical main service. However, during the design process it was determined that larger HVAC units will be required that cannot be structurally supported on the roof, nor supplied with power by the existing 400 Amp main service.

The new HVAC system will utilize two ground-mounted heating/cooling units, selected by Urrtia Architects as a Carrier model each with a capacity of moving 8,000 cubic feet per minute of air. These units are ground-mounted given their weight of 3,100 pounds each, and the architect's determination that the existing structural design of the gymnasium roof does not support the combined weight. As these new HVAC units will be ground-mounted, improvements are included to secure and protect the HVAC units from theft and vandalism, requiring construction of masonry block walls around each unit. Additionally, the architect has including elements in the design to mitigate exposure of the plumbing and air ducts from the HVAC units to the interior of the gymnasium. The HVAC units will be installed on the northerly side of the gymnasium building, with ducts enclosed with a duct chase up the exterior wall, and extending parallel with each of four ceiling beams across the interior ceiling of the gymnasium. Relevant sheets from the construction drawings showing the interior and exterior modifications of the gymnasium for the new HVAC system are included as **Attachment** 1.

The construction drawings prepared by Urrutia Architects have been reviewed and approved by the City's Building Department. The project has also been reviewed by the City's Planning Department under its Minor Architectural Review procedures, and the Planning Department has determined the architectural changes to the gymnasium building are appropriate and have issued approval through Case No. 3.2692, Plan Check No. 2014-4070. The construction drawings are ready to formally solicit construction bids for the project.

On February 18, 2015, the City Council approved the plans and specifications, and authorize staff to advertise and solicit bids for the Desert Highland Unity Center Gym Air Conditioning Improvements, City Project No. 14-15, (the "Project"). Subsequently, on

March 26, 2015, the Procurement and Contracting Division received two construction bids from the following contractors:

Company	Location	Bid Amount
Sea Pac Engineering, Inc.	Los Angeles, CA	\$325,100
Abboud Diamond Construction, Inc.	Moreno Valley, CA	\$414,000

The final estimate prepared by Urrutia Architects was \$350,000.

Subsequently, on March 28, 2015, the apparent low bidder, Sea Pac Engineering, Inc., ("SPE"), submitted a letter acknowledging a clerical error in their bid, and requested that the City allow withdrawal of their bid. A copy of the letter submitted by SPE is included as **Attachment 2**. Withdrawal of a bid due to a clerical error is authorized under Section 5101 of the California Public Contract Code, which states:

- (a) A bidder shall not be relieved of the bid unless by consent of the awarding authority nor shall any change be made in the bid because of mistake, but the bidder may bring an action against the public entity in a court of competent jurisdiction in the county in which the bids were opened for the recovery of the amount forfeited, without interest or costs. If the plaintiff fails to recover judgment, the plaintiff shall pay all costs incurred by the public entity in the suit, including a reasonable attorney's fee to be fixed by the court.
- (b) If an awarding authority for the state consents to relieve a bidder of a bid because of mistake, the authority shall prepare a report in writing to document the facts establishing the existence of each element required by Section 5103. The report shall be available for inspection as a public record. In the case of the University of California or a California State University, the report shall be filed with the regents and the trustees, respectively, and shall be available as a public record.

Section 5103 of the California Public Contract Code requires that a bidder, to be relieved of its mid due to a mistake, must establish facts that satisfy certain elements, and states:

The bidder shall establish to the satisfaction of the court that:

- (a) A mistake was made.
- (b) He or she gave the public entity written notice within five working days, excluding Saturdays, Sundays, and state holidays, after the opening of the bids of the mistake, specifying in the notice in detail how the mistake occurred.
- (c) The mistake made the bid materially different than he or she intended it to be.
- (d) The mistake was made in filling out the bid and not due to error in judgment or to carelessness in inspecting the site of the work, or in reading the plans or specifications.

In reviewing the letter submitted by SPE, SPE claims it made a clerical error which lead to submitting an incorrect final bid price, and that a final bid price of \$360,100 should have been submitted, amounting to an error of \$35,000. SPE's request for relief of its bid was reviewed against the criteria identified in Section 5103 of the California Public Contract Code, and staff finds that the criteria has been satisfied and that SPE should be relieved of its bid, and the bid withdrawn. Therefore, staff recommends that award be made to the next lowest bidder, Abboud Diamond Construction, Inc., in the amount of \$414,000.

## Public Works Contractor Registration Law (SB 854)

Under California Labor Code Section 1771.1, as amended by Senate Bill (SB) 854 (2014), unless registered with the State of California Department of Industrial Relations (DIR), a contractor may not bid, nor be listed as a subcontractor, for any bid proposal submitted for public works projects on or after March 1, 2015. Similarly, a public entity cannot award a public works contract to a non-registered contractor, effective April 1, 2015. Staff has reviewed the DIR's contractor registration database, and has confirmed that Abboud Diamond Construction, Inc., and the listed subcontractors, are registered with the DIR, and are appropriately licensed.

Abboud Diamond Construction, Inc., of Moreno Valley, California submitted the lowest responsive bid. Staff reviewed the bid, references, and contractor's license, and found the Contractor to be properly licensed and qualified. A construction contract with Abboud Diamond Construction, Inc., for the Project is included as **Attachment 3**.

## Local Business Preference Compliance

Section 7.09.030 of the Palm Springs Municipal Code, "Local Business Preference Program," requires prime contractors to use good faith efforts to sub-contract the supply of materials and equipment to local business enterprises and to sub-contract services to businesses whose work force resides within the Coachella Valley. Abboud Diamond Construction, Inc., is not considered a local business, but has listed two subcontractors (Desert Air Conditioning from Palm Springs, and White's Steel from Indio) performing 32% of the work representing \$132,480 of the contract amount, complying with the City's local business preference program.

## **ENVIRONMENTAL IMPACT:**

Section 21084 of the California Public Resources Code requires Guidelines for Implementation of the California Environmental Quality Act ("CEQA"). The Guidelines are required to include a list of classes of projects which have been determined not to have a significant effect on the environment and which are exempt from the provisions of CEQA. In response to that mandate, the Secretary for Resources identified classes of projects that do not have a significant effect on the environment, and are declared to be categorically exempt from the requirement for the preparation of environmental

documents. In accordance with Section 15301 "Existing Facilities," Class 1 projects consist of interior or exterior alterations involving such things as interior partitions, plumbing, and electrical conveyances; therefore, the Desert Highland Unity Center Gym Air Conditioning Improvements, City Project No. 14-15, is considered categorically exempt from CEQA, and a Notice of Exemption has been prepared and with the City Council's approval will be filed with the Riverside County Clerk. A copy of the Notice of Exemption is included as **Attachment 4**.

## FISCAL IMPACT:

A total of \$175,000 was previously budgeted by the City Council from the Measure J Fund (Fund 260) for the Project. The original construction budget was estimated at \$165,000 based on an expectation of installing roof-mounted HVAC units utilizing the existing 400 Amp main service. During design Urrutia Architects determined ground-mounted HVAC units and upgrade of the existing electrical main service would be required to facilitate the Project.

On February 18, 2015, the City Council authorized the remaining budget on the following three other completed Measure J capital improvement projects to be allocated as budget for the Project:

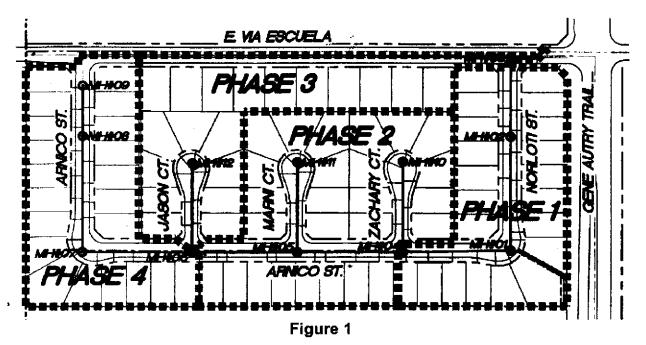
- Desert Highland Parking Lot Repairs; Account 260-4500-59404; \$37,528.41
- Uptown Crosswalks; Account 260-4500-59414; \$11,288.97
- Park Restroom Security Cameras; Account 260-4500-59431; \$17,666.62 The additional budget of \$66,484 has been allocated to the Project in account 260-4500-59438.

Similarly, on February 18, 2015, the City Council authorize the appropriation of \$50,000 of existing Measure Y (Capital Project Fund 261) budget from Account 261-2494-51500 (General Park Improvements) to a new account 261-4491-59438 established for the Project. The Project budget and incurred expenditures are identified in Table 1. As shown in Table 1, an additional appropriation of \$173,302 will be required to fully fund the estimated cost of the Project.

Table of Project Costs	Amount
FY 13/14 Budget Appropriation	\$175,000
FY 14/15 Budget Appropriation (Measure J)	\$66,484
FY 14/15 Budget Appropriation (Measure Y)	\$50,000
Design Services	(\$24,950)
Project Administration (through 4/9/15)	(\$836)
Project Administration (Estimated)	(\$5,000)
Construction Inspection (Estimated)	(\$20,000)
Construction Contract	(\$414,000)
Construction Contingency	(\$0)
Budget Deficit	(\$173,302)

Table 1

Staff has reviewed the status of various Measure J Capital Projects, and has identified funding that remains for the Arnico Tract Sewer Improvements in the amount of \$176,615, that may be available as additional budget for the Project. A map showing the various phases of the Arnico Tract Sewer Improvements is shown in Figure 1, with the final phase (Phase 4) highlighted in yellow.



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Staff estimated the total cost of the Arnico Tract Sewer Improvements (Phase 4) at \$379,000 with remaining Measure J budget of \$170,000 to be used requiring \$209,000 additional budget to complete that project. Staff submitted a funding request as part of the City's call for projects for the Fiscal Year 2015/16 CDBG Program; however, the request was not funded in part because the Arnico Tract is no longer located within a low and moderate income census tract, making the Arnico Tract Sewer Improvements (Phase 4) project ineligible for CDBG funding. On that basis, staff recommends that the Arnico Tract Sewer Improvements (Phase 4) project be cancelled, and the remaining funding of \$176,615 in the Measure J Capital Project Fund, Account No. 260-4500-59459, be re-appropriated for the Desert Highland Unity Center Gym Air Conditioning Improvements, City Project No. 14-15, in the Measure J Capital Project Fund, Account No. 260-4500-59438.

With the City Council's approval of the recommended actions, sufficient funding will be available to award the contract to Abboud Diamond Construction, Inc., a California corporation, in the amount of \$414,000.

SUBMITTED:

Prepared by:

Approved by:

Marcus L. Fuller, MPA, P.E., P.L.S.

Assistant City Manager/City Engineer

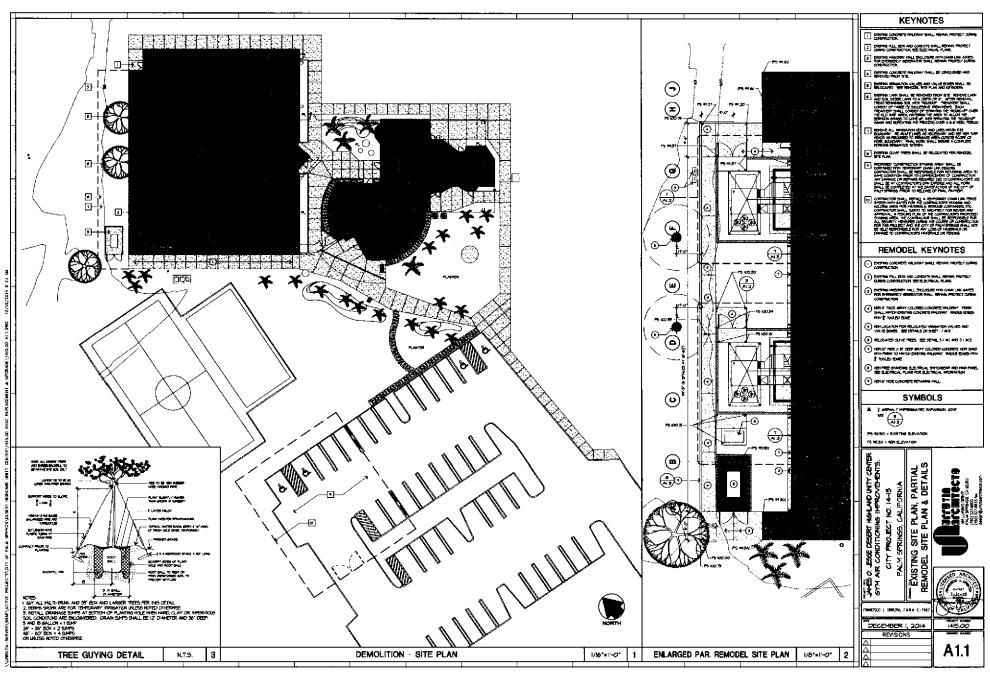
David H. Ready Esq., Ph.D

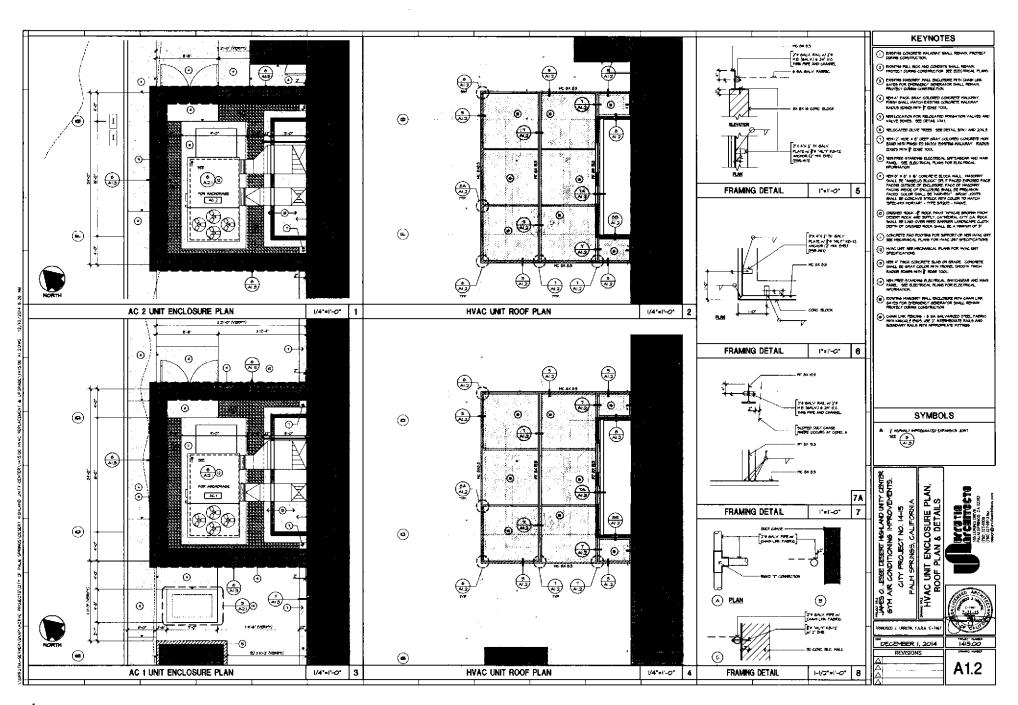
City Manager

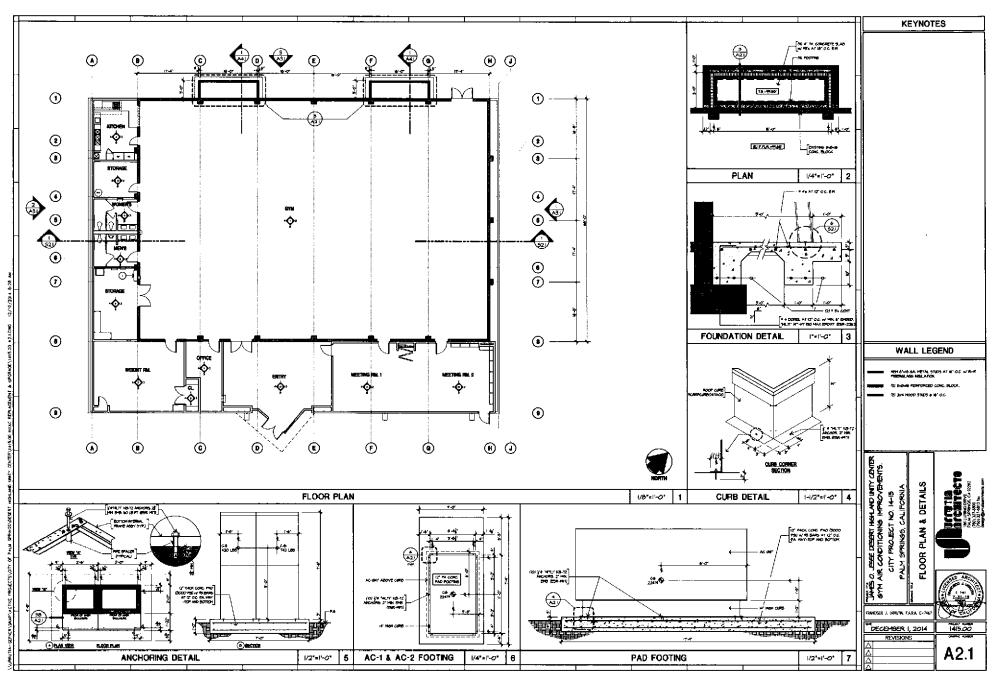
#### Attachments:

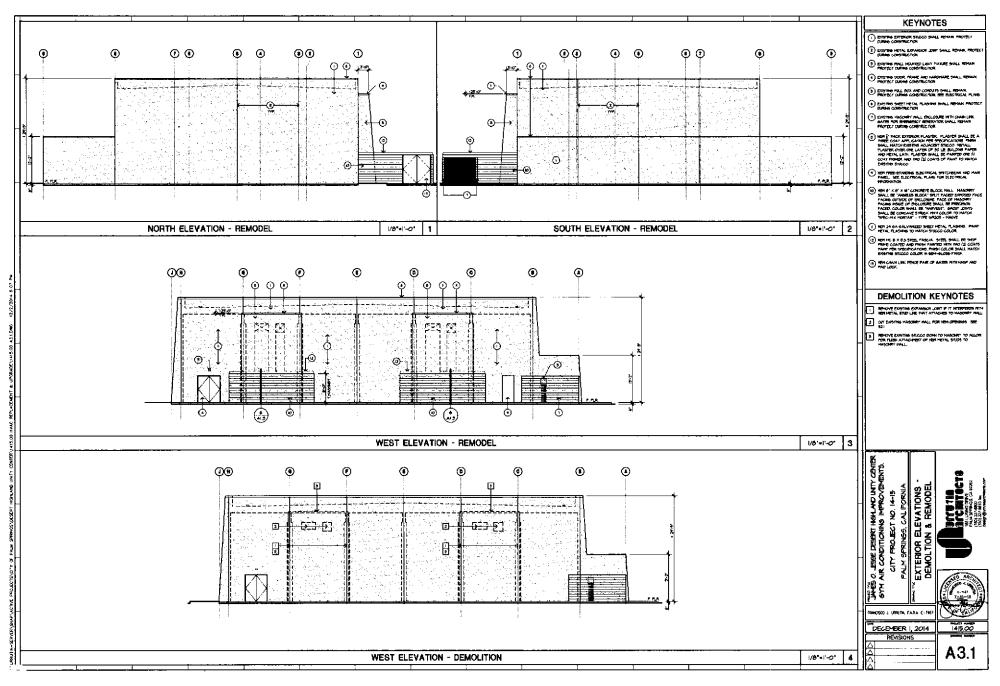
1. Construction Drawings

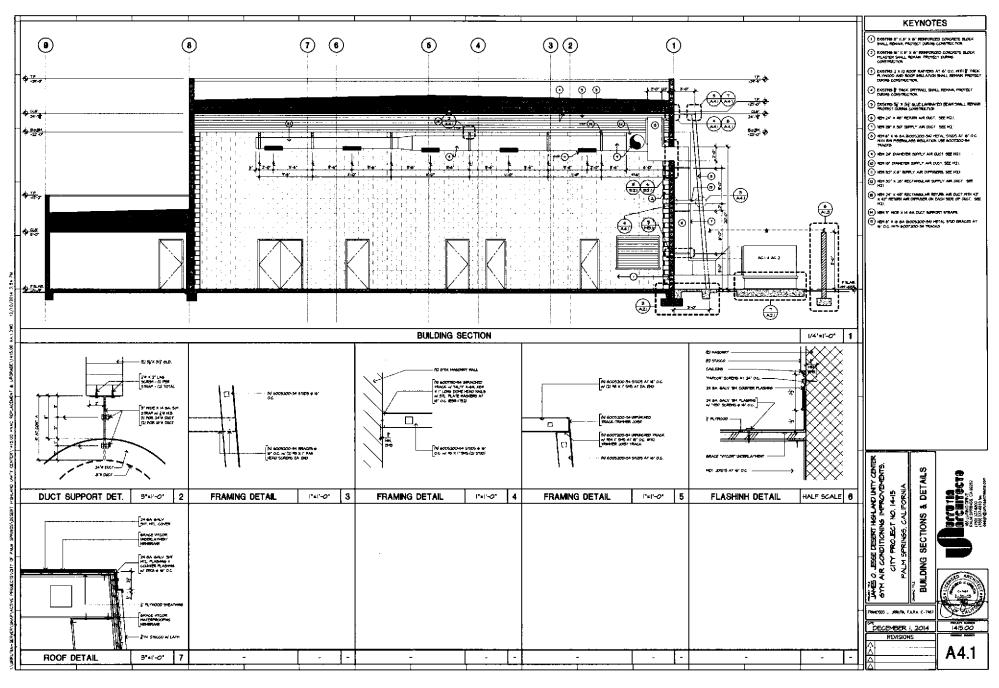
- 2. Sea Pac Engineering Withdrawal Letter
- 3. Construction Controat
- 4. CEQA Notice of Exemption

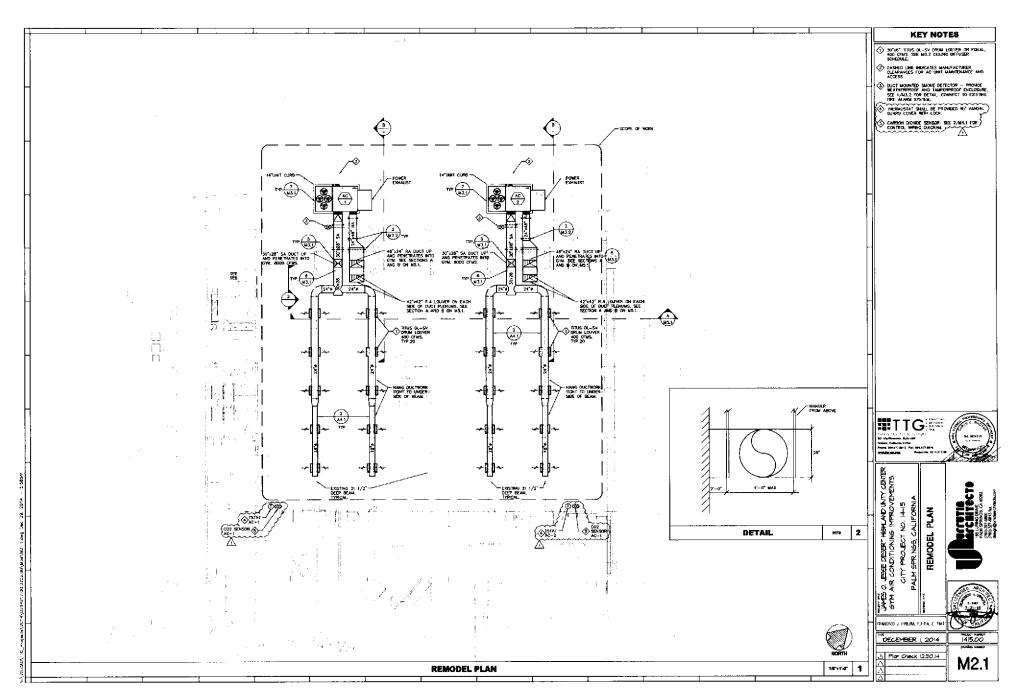


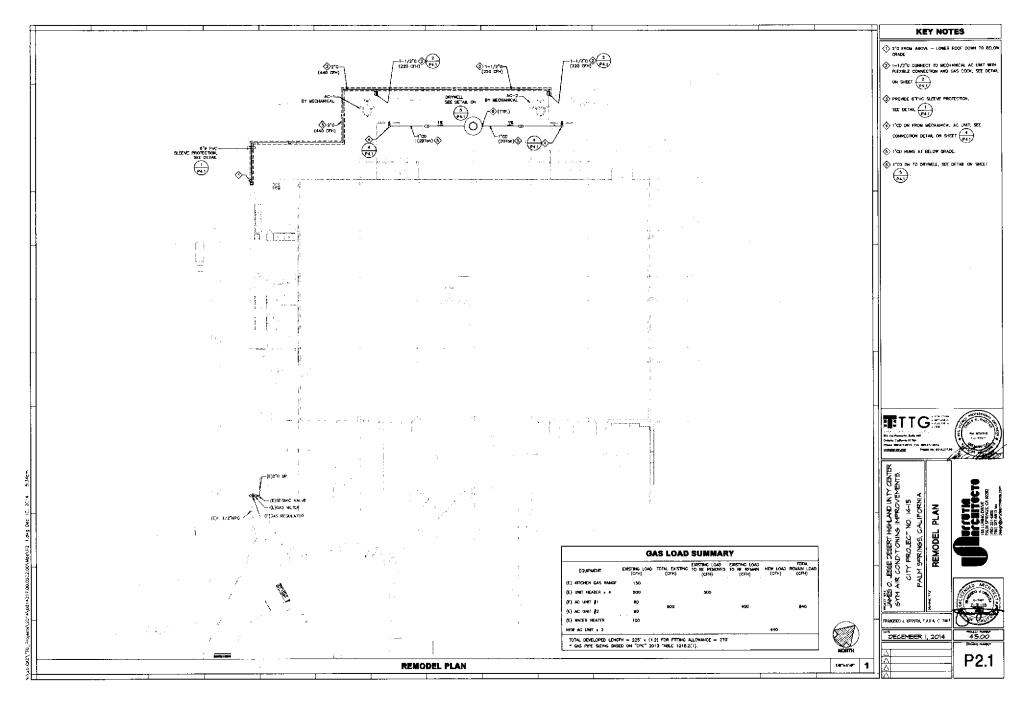
















RECEIVED

CITY OF PALM SPRINGS
ENGINEERING DIVISION

March 28, 2015

City Engineer

City of Palm Spring

3200 E Tahquitz Canyon Way

Palm Spring, CA 922621

Dear Sir:

During the course of time trying to finalize total price, we made clerical error which lead to submit incorrect final bid price. Even though we had electrical contractor price in our tabulation, excel final calculation did not pick up last row of electrical price. Therefore, our final price should have been \$360,100 instead of \$325,100 as submitted. Breakdown should have been as below.

RE: James O. Jesse Desert Highland Unity Center GYM Air Conditioning Improvement:

Please see attached .excel sheet circled area

As you know, last few minute of bid time is an extremely busy collecting and going over all sub bids and incorporating into final bid. This error was made due to this circumstances. Therefore, we would like to request to the City—withdrawal of our bid. We greatly appreciate your understanding and allow us our request of withdrawal. We sincerely applogize inconvenience we caused. Thank you.

Sincerely

John Lee

President



808 South Ben Hamphire Avenur Los Angeles, CA 90006 Pair: 211.487.6131 ; Tel. 211.467.6530 ; Web: www.auspeceng.com Contract Tritle Location Project Owner Attention

City of Paim Spring Unity GY

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	Total Species and the Property				13,000.00					I		67,000.08
					total	317,100.00		16,171 50			325, 100.00	360,100.00

3/26/2015

3 of 3

bid breakdown.xls

# AGREEMENT (CONSTRUCTION CONTRACT)

THIS AGREEMENT made April 15, 2015, by and between the City of Palm Springs, a charter city, organized and existing in the County of Riverside, under and by virtue of the laws of the State of California, hereinafter designated as the City, and Abboud Diamond Construction, Inc., a California corporation, hereinafter designated as the Contractor.

The City and the Contractor, in consideration of the mutual covenants hereinafter set forth, agree as follows:

#### **ARTICLE 1 -- THE WORK**

For and in consideration of the payments and agreements to be made and performed by City, Contractor agrees to furnish all materials and perform all work required to complete the Work as specified in the Contract Documents, and as generally indicated under the Bid Schedule(s) for the Project entitled:

## DESERT HIGHLAND UNITY CENTER GYM A/C IMPROVEMENTS CITY PROJECT NO. 14-15

The Work involves the replacement of the existing heating and air conditioning system at the James O. Jessie Desert Highland Unity Center Gymnasium located at 480 Tramview Road, consisting of: removal existing heating and cooling systems; furnishing and installing a complete new heating, ventilation and air conditioning system consisting of two 8,000 CFM ground-mounted gas/electric packaged air conditioning units (Carrier Model 48HCDD24A7A5 or approved equal); all required exhaust and duct work; all mechanical, electrical, and plumbing system connections and improvements, including new electrical switchgear; construction of concrete foundations and walkways; construction of masonry block walls and gates; landscaping and irrigation; and all appurtenant work.

#### ARTICLE 2 -- COMMENCEMENT AND COMPLETION

The Work to be performed under this Contract shall commence on the date specified in the Notice to Proceed by the City, and the Work shall be fully completed within the time specified in the Notice to Proceed.

The City and the Contractor recognize that time is of the essence of this Agreement, and that the City will suffer financial loss if the Work is not completed within the time specified in Article 2, herein, plus any extensions thereof allowed in accordance with applicable provisions of the Standard Specifications, as modified herein. They also recognize the delays, expense, and difficulties involved in proving in a legal proceeding the actual loss suffered by the City if the Work is not completed on time. Accordingly, instead of requiring any such proof, the City and the Contractor agree that as liquidated damages or delay (but not as a penalty), the Contractor shall pay the City the sum specified in Section 6-9 of the Special Provisions for each calendar day that expires after the time specified in Article 2, herein. In executing the Agreement, the Contractor acknowledges it has reviewed the provisions of the Standard Specifications, as modified herein, related to liquidated damages, and has made itself aware of the actual loss incurred by the City due to the inability to complete the Work within the time specified in the Notice to Proceed.

## ARTICLE 3 -- CONTRACT PRICE

The City shall pay the Contractor for the completion of the Work, in accordance with the Contract Documents, in current funds the Contract Price(s) named in the Contractor's Bid Proposal and Bid Schedule(s), and any duly authorized Construction Contract Change Orders approved by the City. The amount of the initial contract award in accordance with the Contractor's Bid Proposal is Four Hundred Fourteen Thousand Dollars, (\$414,000.00).

Contractor agrees to receive and accept the prices set forth herein, as full compensation for furnishing all materials, performing all work, and fulfilling all obligations hereunder. compensation shall cover all expenses, losses, damages, and consequences arising out of the nature of the Work during its progress or prior to its acceptance including those for well and faithfully completing the Work and the whole thereof in the manner and time specified in the Contract Documents; and, also including those arising from actions of the elements, unforeseen difficulties or obstructions encountered in the prosecution of the Work, suspension of discontinuance of the Work, and all other unknowns or risks of any description connected with the Work.

#### ARTICLE 4 -- THE CONTRACT DOCUMENTS

The Contract Documents consist of the Notice Inviting Bids, Instructions to Bidders, the prevailing rate of per diem wages as determined by the Director of the California Department of Industrial Relations, the accepted Bid and Bid Schedule(s), List of Subcontractors, Local Business Preference Program - Good Faith Efforts, Non-Discrimination Certification, Non-Collusion Declaration, Bidder's General Information, Bid Security or Bid Bond, this Agreement, Worker's Compensation Certificate. Performance Bond, Payment Bond, Specifications, Special Provisions, the Drawings, Addenda Number 1, and all Construction Contract Change Orders and Work Change Directives which may be delivered or issued after the Effective Date of the Agreement and are not attached hereto.

#### ARTICLE 5 - MUTUAL OBLIGATIONS

For and in consideration of the payments and agreements to be made and performed by the City, the Contractor agrees to furnish all materials and perform all work required for the above stated project, and to fulfill all other obligations as set forth in the aforesaid Contract Documents.

City hereby agrees to employ, and does hereby employ, Contractor to provide the materials, complete the Work, and fulfill the obligations according to the terms and conditions herein contained and referred to, for the Contract Price herein identified, and hereby contracts to pay the same at the time, in the manner, and upon the conditions set forth in the Contract Documents.

Contractor specifically acknowledges and agrees to be bound by the Wage Rates and Labor Code requirements specified in the Contract Documents, including the requirement to furnish electronic certified payroll records directly to the Labor Commissioner (via the Division of Labor Standards Enforcement), and shall pay the general prevailing rate of per diem wages as determined by the Director of the Department of Industrial Relations of the State of California.

#### ARTICLE 6 -- PAYMENT PROCEDURES

The Contractor shall submit Applications for Payment in accordance with the Standard Specifications as amended by the Special Provisions. Applications for Payment will be processed by the City Engineer as provided in the Contract Documents.

#### ARTICLE 7 -- NOTICES

Whenever any provision of the Contract Documents requires the giving of a written Notice between the parties, it shall be deemed to have been validly given if delivered in person to the individual or to a member of the firm or to an officer of the corporation for whom it is intended, or if delivered at or sent by registered or certified mail, postage prepaid, to the last business address known to the giver of the Notice.

#### **ARTICLE 8 -- INDEMNIFICATION**

The Contractor agrees to indemnify and hold harmless the City, and all of its officers and agents from any claims, demands, or causes of action, including related expenses, attorney's fees, and costs, based on, arising out of, or in any way related to the Work undertaken by the Contractor hereunder. This Article 8 incorporates the provisions of Section 7-15 "Indemnification," of the Special Provisions, which are hereby referenced and made a part hereof.

#### **ARTICLE 9 -- NON-DISCRIMINATION**

The Contractor represents and agrees that it does not and will not discriminate against any subcontractor, consultant, employee, or applicant for employment because of race, religion, color, sex, or national origin in any matter including without limitation employment upgrading, demotion, transfers, recruitment, recruitment advertising, layoff, termination, rates of pay, or other forms of compensation and selection for training, including apprenticeship.

#### **ARTICLE 10 -- MISCELLANEOUS**

Terms used in this Agreement which are defined in the Standard Specifications and the Special Provisions will have the meanings indicated in said Standard Specifications and the Special Provisions. No assignment by a party hereto of any rights under or interests in the Contract Documents will be binding on another party hereto without the written consent of the party sought to be bound; and specifically, but without limitation, monies that may become due and monies that are due may not be assigned without such consent (except to the extent that the effect of this restriction may be limited by law), and unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under the Contract Documents.

The City and the Contractor each binds itself, its partners, successors, assigns, and legal representatives, to the other party hereto, its partners, successors, assigns, and legal representatives, in respect of all covenants, agreements, and obligations contained in the Contract Documents.

#### SIGNATURES ON NEXT PAGE

**IN WITNESS WHEREOF,** the City and the Contractor have caused this Agreement to be executed the day and year first above written.

CITY OF PALM SPRINGS, CALIFORNIA	CONTRACTOR
By David H. Ready City Manager	By: Abboud Diamond Construction, Inc. Firm/Company Name
ATTEST:	By:Signature (notarized)
By James Thompson City Clerk	Name:
APPROVED AS TO FORM:	Title:
By Douglas Holland City Attorney	By:Signature (notarized)
RECOMMENDED:	Name:
By Marcus L. Fuller, Assistant City Manager/City Engineer	Title:
APPROVED BY THE CITY COUNCIL:	
Date	
Agreement No.	



## **Notice of Exemption**

Appendix E

To:	Office of Planning and Research P.O. Box 3044, Room 113	From: (Public Agency): City of Paint Springs 3200 E. Tahquitz Canyon Way						
	Sacramento, CA 95812-3044	Palm Springs, CA 92262						
	County Clerk							
	County of: Riverside P.O. Box 751	(Address)						
	Riverside, CA 92502-0751							
•	ect Title: Desert Highland Unity Center G	ym Air Conditioning Improvements, City Project No. 14-15						
	ect Location - Specific: ert Highland Unity Center located at 480 Trai	mview Road, Palm Springs, CA 92262: APN 669-330-025						
Proje	ect Location - City: Palm Springs	Project Location - County: Riverside						
Rem cond The Nam	ditioning ("HVAC") system, including constru Project will add improved air conditioning to e of Public Agency Approving Project: City	nent, and installation of new heating, ventilation and air action of exterior alteration to existing gymnasium building, the gymnasium allowing for its use year-round.  of Palm Springs						
	e of Person or Agency Carrying Out Project							
     	mpt Status: (check one):  Ministerial (Sec. 21080(b)(1); 15268);  Declared Emergency (Sec. 21080(b)(3))  Emergency Project (Sec. 21080(b)(4); 1  Categorical Exemption. State type and statutory Exemptions. State code numb	5269(b)(c)); section number: 15301(a), Existing Facilities						
The I	eyances necessary to remove the existing a	erations involving interior partitions, plumbing and electrical and install new heating and air conditioning equipment, and is bursuant to Section 15301(a) of the CEQA Guidelines.						
	Agency act Person: Marcus Fuller	Area Code/Telephone/Extension: (760) 322-8380						
2	//.	nding.  he public agency approving the project?   Date: 2/10/2015 Title: Asst. City Manager						
	■ Signed by Lead Agency  □ Signed by Lead Agency □ Signed by Sign	by Applicant						
thorit	ty cited: Sections 21083 and 21110, Public Resourc	es Code. Date Received for filing at OPR:						