



AGENDA REPORT

SAN CLEMENTE CITY COUNCIL MEETING
Meeting Date: December 3, 2013

Agenda Item 6D
Approvals:
City Manager PSJ
Dept. Head SH
Attorney _____
Finance SW

Department: Beaches, Parks & Recreation
Prepared By: Aeryn Donnelly, Park Planner

Subject: *REJECT ALL BIDS FOR COURTNEY'S SANDCASTLE PHASE II SENSORY GARDEN.*

Fiscal Impact: None.

Summary: Only two bids for construction were received in amounts that greatly exceed the estimated costs and budget for the construction of Courtney's SandCastle Phase II Sensory Garden. Staff recommends that the City Council reject all bids, and direct staff to return to Council for further direction as staff is currently researching options for the project.

Background: Courtney's Sandcastle Charitable Foundation reached its fundraising goal of \$340,000, and donated these funds to the City on September 17, 2013. The City allocated \$110,000 towards the project, which was to provide the necessary \$450,000 estimated cost for the project to move forward.

On October 17, 2013, construction bids were opened for Courtney's Sandcastle Playground Phase II Sensory Garden. Two bids were received in amounts that greatly exceed the costs estimated and budgeted for the project (90% and 112% greater). The engineers estimate for construction of the base bid items was prepared by Shaw Design Group at \$332,900 (\$441,322 total project cost including construction management, inspection, geotechnical etc.), the bids received are \$654,361 (\$820,645 total project costs) and \$708,177 (\$884,148 total project cost).

In December, 2011, this project was bid with similar results. The City Council voted to reject all bids for the development of phase II of Courtney's Sandcastle, as they exceeded the budget amount available for the project. The project was then value engineered to reduce the scope of work while retaining the intent of the original design. Several items, such as shade structures, some stone veneer, and a fountain, were removed from the proposed scope of work, bringing the new cost estimate to \$441,332 (\$332,900 for construction and \$108,432 in soft costs of contingency, inspection, etc.).

Discussion: The reduced project was bid per City Policy 202-2-2 which requires a Formal Bid. The bid opening was well advertised beginning September 12, 2013 and additional publicity was conducted via a press release, an online web presence as well as the advertising in the newspaper several times as both a public notice and an article. A pre-bid walk was attended by 10 contractors, and plans were obtained by 24 contractors. The bid opening, however, yielded only two bids for the project: Optima – base bid \$654,361.00 and Hamel Contracting, Inc. - base bid: \$708,177.39.

Staff contacted the contractors who attended the pre-bid walk but did not submit a bid as a follow up to determine why a bid was not submitted. The general comments were that they would like to bid, but that the pre-qualifications to bid were too restrictive as they had not had opportunity to construct similar projects in the past five years due to the poor economy and few projects being bid/built.

Staff is currently working with industry professionals and project managers in order to explore options for the project. Staff would like to return at a future City Council meeting to present the options available and receive direction as to the desired course of action.

Recommended

Action: STAFF RECOMMENDS THAT the City Council 1) reject all bids received for the construction of Courtney's SandCastle Phase II; and 2) direct staff to present project options at a future meeting.

Attachments: 1. Bid Results from October 17, 2013
2. Letter from Shaw Design

Notification: Courtney's SandCastle Foundation
Optima
Hamel Contracting, Inc.

Courtney's SandCastle Sensory Garden Bid Results

Base Bid Scenario	OPTIMA	HAMEL	ENGINEERS ESTIMATE
Base Bid:	\$ 654,361.00	\$ 708,177.39	\$ 332,900.00
18% Contingency:	\$ 117,784.98	\$ 127,471.93	\$ 59,922.00
Construction Management:	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00
Design Fees already incurred:	\$ 23,500.00	\$ 23,500.00	\$ 23,500.00
Geotechnical (estimate)	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
Staff & Admin	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
Total:	\$ 820,645.98	\$ 884,149.32	\$ 441,322.00
Budget:	\$ 450,000.00	\$ 450,000.00	\$ 450,000.00
Funds needed to complete project			
additionally from approved budget:	\$ (370,645.98)	\$ (434,149.32)	\$ 8,678.00

Additive Alternate Scenario			
Base Bid:	\$ 654,361.00	\$ 708,177.39	\$ 332,900.00
Additive Alternate:	\$ 44,950.00	\$ 68,340.10	\$ 34,855.00
Grand Total:	\$ 699,311.00	\$ 776,517.49	\$ 367,755.00
18% Contingency:	\$ 125,875.98	\$ 139,773.15	\$ 66,195.90
Construction Management:	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00
Design Fees already incurred:	\$ 23,500.00	\$ 23,500.00	\$ 23,500.00
Geotechnical (estimate)	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
Staff & Admin	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
Total:	\$ 873,686.98	\$ 964,790.64	\$ 482,450.90
Budget:	\$ 450,000.00	\$ 450,000.00	\$ 450,000.00
Funds needed to complete project			
additionally from approved budget:	\$ (423,686.98)	\$ (514,790.64)	\$ (32,450.90)

October 23, 2013

SHAW DESIGN GROUP
San Clemente, CA 92672

RE: Bid Results for Courtney's Sandcastle Phase 2

MEMORANDUM

Besides the fact that only two bids were received, the bids are full of inconsistencies that are difficult to explain. Regards to only having two bidders, the project was well advertised and there were numerous plan holders prior to bidding. The city conducted a pre-bid meeting that was attended by approximately six or seven contractors. The plans were available at a local reprographics firm as well as several plan clearing houses for 30 days. I did hear from one contractor that they were too busy to bid on the project. This may be the case with other bidders, but I cannot explain the lack of bidders.

Regarding the estimate, the original estimate for phase 2 of Courtney's Sandcastle was developed shortly after the first bid results were received and while I was still an employee of the City of San Clemente. The methodology used to create this estimate was to take an average of the three lowest bids received. This is where the estimate of \$450,000 was initially developed. It was a sound process and was accepted by both the City and the Foundation as the benchmark for fund-raising. The only pieces of information that were missing from this estimate were the bid amounts for the water features, since the water features were assigned an allowance during the first round of bids. This is why it was essential to hire a firm to provide a full set of water feature plans and why I, first as a City employee, and later as Shaw Design Group (SDG) sought out and proposals from several firms for the design of the water features and pushed for their inclusion in the project. Additionally, the estimates for other features were adjusted as features were deleted or modified and as the plans were finalized for bidding.

Based upon the input from Formosa Fountains, the combined costs for both of these water features should have been approximately \$150,000 - \$175,000. Although the plans now incorporate very good water feature plans, the apparent low bidder's bid for the Tidal Pool was \$59,000 and \$150,000 for the Ball Fountain, whereas the other bidder's amount for the same two items was \$210,000 and \$110,000 respectfully. The water feature plans are some of the best I have seen and remarkably, had no corrections during the City plan check process. With this in mind, it is difficult to explain the disparity of the bids for these features or for many other elements of the project.

Regarding inconsistencies, the apparent low bidder had a bid amount of \$13,500 for each of the three interactive sound panels – an item that even with mark-up should have been closer to \$2,000 per panel. Another significant difference is the bid amount to connect to an existing sewer line within the work area. The low bidder bid this work at \$20,000, whereas the other bid the same work at \$9,000. There are numerous other inconsistencies in both bids which indicates that these two companies have markedly different methods of pricing a job and may be fairly inexperienced in building parks. Their own experience statements included in their bid proposal shows a significant lack of park or playground experience. They might be very good at municipal work or constructing a building, but neither one of these contractors should be the one that builds phase 2 of Courtney's Sandcastle.

Based upon the significantly higher than expected bid amounts and the relatively inexperience of these two bidders, the bids should be rejected, and other project delivery methods should be explored.

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