



## **CITY OF SALINAS COUNCIL STAFF REPORT**

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**DATE:** DECEMBER 9, 2025

**DEPARTMENT:** PUBLIC WORKS DEPARTMENT

**FROM:** DAVID JACOBS, P.E., L.S., PUBLIC WORKS DIRECTOR  
KRISTAN LUNDQUIST, LCS DIRECTOR

**BY:** JONATHAN ESTEBAN, ASSISTANT ENGINEER  
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**TITLE:** AWARD OF THE SHERWOOD RECREATION CENTER  
BUILDING IMPROVEMENT, CIP 9535

**RECOMMENDED MOTION:**

A motion to approve a resolution:

1. Approving the Plans and Specifications for the Sherwood Recreation Center Building Improvement, CIP 9535;
2. Awarding a contract to Precision Construction Services for the Sherwood Recreation Center Building Improvement, CIP 9535, in an amount not to exceed \$2,230,401;
3. Approving construction contingencies allowance for contract change orders up to an additional \$450,000; and
4. Appropriating \$3,060,401 from Community Development Block Grants (CDBG) funds to CIP 9535.

**EXECUTIVE SUMMARY:**

Following a second round of bidding for the project, staff opened bids on October 14, 2025. Two bid proposals were received from Precision Construction Services (“Precision”) and Marvulli, Inc. The lowest responsive and responsible bidder, Precision, submitted a base bid in the amount of \$2,230,401.

On October 17, 2025, the City received a bid protest from Marvulli, Inc., the second lowest bidder, regarding the subcontractor Val’s Plumbing and Heating, Inc. On December 12, 2025, Marvulli submitted a formal notification withdrawing their bid protest citing that their protest relied on information found to be factually inconsistent.

City staff recommend approving the Plans and Specifications for the Sherwood Recreation Center Building Improvement, CIP 9535, awarding the project to Precision Construction Services for the base bid amount of \$2,230,401, approving an allowance of \$450,000 for construction

contingencies, and appropriating \$3,060,401 from Community Development Block Grants (CDBG) funds to CIP 9535.

#### BACKGROUND:

The Old Municipal Swimming Pool Building, located at 940 N. Main Street, was built in 1949. In 2009, after completion of the New Aquatic Center, the old swimming pool was drained, and the building was not utilized. In 2016, Council approved the initial renovation work for this building in connection with the overall plan of converting the building into a multi-use recreational facility. The work was done in phases to accommodate funding availability and Phase I - III were completed on May 11, 2021. The Sherwood Recreation Center Phase IV project is a continuation of this renovation effort.

The City of Salinas receives and administers annual entitlement Community Development Block Grant (CDBG) funds from the United States Department of Housing and Urban Development (HUD). These funds are allocated to address community needs identified in the City's 2020–2024 Consolidated Plan (the "Plan"). Sherwood Recreation Center was identified in this Plan as a priority capital improvement project aimed at enhancing recreational opportunities and community well-being. The Project is fully funded through HUD CDBG funds, as previously authorized by City Council through the HUD FY 2021-22, 2022-23, 2023-24, and 2024-25 Annual Action Plans and associated Substantial Amendments.

On July 20, 2023, the City's Community Development Department approved proposals related to Sherwood Recreation Center Phase IV, and CSG Consultants, Inc. initiated service provision under an executed agreement. City staff submitted the Request for Release of Funds and Certification to HUD on January 30, 2025, in compliance with federal NEPA environmental review and grant administration requirements. Subsequently, on March 7, 2025, HUD issued the Authority to Use Grant Funds, officially authorizing the City to proceed with construction-related activities.

On June 4, 2025, the bid advertisement for the Sherwood Recreation Center Building Improvement, CIP 9535, was published via PlanetBids. On September 9, 2025, City Council voted to reject all bids and authorize rebidding the project due to complaints received regarding a subcontractor listed under the lowest bidder. During the Council meeting, Councilmembers inquired about the desire to award the project to a local contractor and to include provisions in the bid to allow for such award. Pursuant to the federal procurement standards applicable to CDBG funds, non-federal entities must conduct procurements that provide full and open competition and **must not** apply state, local, or tribal geographic or local-preference provisions when evaluating bids or proposals (pursuant to 2 C.F.R. § 200.319 and 2 C.F.R. §§ 200.318–200.327; HUD CDBG regulations at 24 C.F.R. Part 570).

City staff revised the Plans and Specifications and readvertised the bid via PlanetBids on September 19, 2025, with a shortened advertising period. On October 14, 2025, bid proposals received by the City were publicly opened and read via a Zoom meeting with the following results:

BID RESULTS	
CONTRACTOR	BASE BID
Precision Construction Services	\$2,230,401
Marvulli, Inc.	\$2,608,699
Engineer's Estimate	\$2,724,077

The apparent lowest bidder was Precision Construction Services and Marvulli, Inc., the apparent second lowest bidder.

On October 17, 2025, the City received a bid protest from Marvulli, Inc., the apparent second low bidder. The bid protest stated that the apparent low bidder, Precision Construction Services (“Precision”), should be considered non-responsive due to utilizing partial of their subcontractor’s (Val’s Plumbing) proposal.

On October 20, 2025, Precision provided a response to the bid protest citing that none of the bids received from Val’s Plumbing included language, explicit or otherwise, stating that the bid was not to be divided.

On December 5, 2025, Marvulli submitted a formal withdrawal of their bid protest in its entirety citing that their protest relied on information that Mavulli now understands to be factually inconsistent.

With their response, Precision also requested a subcontractor substitution requesting to substitute Val’s with Geo H. Wilson (an ACCO Engineered Systems company), per Public Contract Code 4107 (a)(1) through (7), citing that Val’s is unwilling to execute a contract. A public hearing will be scheduled for City Council to review the request.

The engineer’s estimate for the project base bid was \$2,724,077. Precision Construction Services, the apparent low bidder, submitted a base bid of \$2,230,401, ~20% below the engineer’s estimate.

Based on the proposals received, staff recommend awarding the project to the apparent lowest, responsive, and responsible bidder, Precision Construction Services, in an amount not to exceed \$2,230,401. Staff anticipate a construction contingency in the amount of \$450,000, approximately 20% of the contract amount. The total project costs are estimated at \$3,060,401.

ANTICIPATED COSTS	
Description	Anticipated Expenditure
Precision Construction Services Base Bid	\$2,230,401
Contingency	\$450,000
<b>Direct Project Cost Subtotal</b>	<b>\$2,680,401</b>
Administrative Overhead	\$50,000
Inspection and Labor Compliance	\$220,000
City Staff Project Management and Admin.	\$110,000
<b>Soft Project Cost Subtotal</b>	<b>\$380,000</b>
<b>TOTAL PROJECT COSTS</b>	<b>\$3,060,401</b>

#### CEQA/NEPA CONSIDERATION:

The Sherwood Recreation Center Building Improvement CIP 9535 includes operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no

expansion of existing or former use, qualifies as a Class 1 Categorical Exemption (Section 15301a) under the California Environmental Quality Act (CEQA). A “Notice of Exemption” was filed at the Monterey County Recorder’s Office on January 7, 2025.

A National Environmental Policy Act (NEPA) review was completed for Phase IV work was completed on January 10, 2025. The project was determined to be Categorically Excluded per 24 CFR 58.35(a), subject to laws and authorities at 58.35(a)(1).

This project meets the CDBG HUD National Objective of Low-Moderate Area (LMA) benefit, 570.208(a)(1) where the project would benefit at least 51% of the residents in the service area (of the project) that are of Low-Moderate Income (LMI).

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

This project addresses the current City Council’s Goals of Youth and Seniors, Infrastructure and Public Safety.

DEPARTMENTAL COORDINATION:

The process of administering this project involves Public Works, Library and Community Services, Community Development, Finance, and Legal Departments.

Public Works Department will be managing the project with activities that include construction management, labor compliance, and inspection services during construction. The project is a CIP for the Library and Community Services Department and is entirely funded with CDBG funds which is being administered by the Community Development Department. Finance Department manages the proper disbursement of funds and is involved with the reporting requirements of the CDBG funds, and Legal Department reviews pertinent documents/contracts to ensure compliance with applicable laws and regulations. Thus, staff from these Departments are very actively involved with the development and execution of this project

FISCAL AND SUSTAINABILITY IMPACT:

There will be no fiscal impact to the General Fund, as the funding will be appropriated from CDBG program funds. The City currently has \$51,258 available and appropriated in CIP 9535 and is requesting the reallocation of \$3,060,401 from CDBG operating budget (Fund 2910) to CIP Project 9535 to proceed with the construction.

Fund	General Ledger Number (Operating/CIP)	General Ledger Account Name	Remaining Budget Appropriation	Amount Requested
2910	30.3240-66.3600	Capital Outlays Contribution – Bldg Construction	\$3,621,173	(\$3,060,401)
2910	55.9535-66.4000	Capital Outlays Improvements	\$0	\$2,680,401

2910	55.9535-61.1100	Salaries & Benefits	\$0	\$330,000
2910	55.9535-64.1000	Other Charges Administrative Overhead	\$0	\$50,000

ATTACHMENTS:

Resolution

Bid Tab

Bid Protest

Bid Protest Withdrawal