



CITY OF SALINAS

COUNCIL STAFF REPORT

DATE: **SEPTEMBER 4, 2018**

DEPARTMENT: **PUBLIC WORKS DEPARTMENT**

FROM: **PATRICK FUNG, ASSISTANT ENGINEER**

TITLE: **FREIGHT BUILDING IMPROVEMENTS AT 1A STATION PLACE,
FOR THE CALIFORNIA WELCOME CENTER, PROJECT No. 9265**

RECOMMENDED MOTION:

- 1) A motion to approve a Resolution awarding contract to Jacob Construction & Design, Inc. for the Freight Building Improvements at 1A Station Place for the California Welcome Center, Project No. 9265 in the amount of \$525,543; and
- 2) A motion to approve a \$235,000 transfer from the Women's Club Upgrade account (CIP No. 9052) to the Freight Building Improvements at 1A Station Place for the California Welcome Center account (CIP No. 9265).

RECOMMENDATION:

Staff recommends that the City Council; 1) approve a Resolution awarding the contract to Jacob Construction & Design, Inc in the amount of \$525,543; and 2) approve a transfer of \$235,000 of Debt Service funds from the Women's Club CIP 9052 to the Freight Building Improvements at 1A Station Place for the California Welcome Center account (CIP 9265).

EXECUTIVE SUMMARY:

This project is a continuation of the overall effort to renovate the Salinas Freight Building to accommodate leasing part of the building to the California Welcome Center. The City publicly opened and examined project bids on August 14, 2018, with the lowest bidder being Jacob Construction & Design, Inc with a bid of \$525,543.00 or 75% higher than the engineering estimate (\$300,000). City staff recommends that Council approve the transfer of an additional \$235,000 of Debt Service funds from the Women's Club Upgrade project to cover the \$230,254 shortfall including soft costs, so that the project may begin construction by October 2018 and the new tenant can occupy the building in early 2019.

BACKGROUND:

The Freight Terminal building was built roughly in the year 1873 by “Southern Pacific” Rail Road Company and is located at 1 Station Place, Salinas, California 93901. The building received additional remodel work in the 1950’s when a trucking company occupied the building.

In October 2013, the City received Federal Transportation Enhancement Activities (TEA) grant funds to rehabilitate the Salinas Freight Depot (Phase A). The project included: demolition of the loading dock and canopy at the west end of the building; removal of exterior asbestos-containing material shingles wall finish; construction of new perimeter foundation; installation of new ADA-compliant ramp and railing at the east end; wood deck repairs; restoration of deteriorated south wood framed canopy; installation of new doors to match original doors; new roofing; and other structural repairs for the building stability and structural safety; fire sprinkler system, painting, and restoration of wooden roof gutters.

The Freight Building is a fundamental component of the Salinas Intermodal Transportation Center (ITC), and is located within the ITC next to the Salinas Train Station Building. Once the ITC is completed, it will serve a variety of public objectives including the following:

- Create an efficient state-of-the-art multi-modal transportation facility that can promote transit and rail ridership as a viable alternative to the automobile;
- Provide a catalyst for the economic and physical revitalization of this underutilized part of the downtown;
- Promote strong pedestrian and activity linkages between the downtown, the National Steinbeck Center and the Salinas Intermodal Transportation Center; and
- Promote the preservation of eligible structures within the station area to compliment the Central City Revitalization Plan.

Phase B, which is the tenant improvements for the Freight Building, will improve the building’s interior, improve the necessary utilities (electric, water, sewer, etc.), construct ADA-compliant restrooms, and other improvements to make the building fully functional and ready to be occupied by the California Welcome Center.

On July 3, 2018, Council approved the Plans, Specifications, and Estimate and authorized an Invitation to Bidders for the Freight Building Improvements. On August 14, 2018, four bids were received and publicly opened and examined with the following results (see Attachment A – Bid Tabulation sheet for details).

BID RESULTS:

Contractor	Total Base Bid
Jacob Construction & Design, Inc	\$525,543.00
Ausonio, Incorporated	\$542,654.00
Premier Builders Inc.	\$565,500.00
CRW Industries, Inc.	\$633,274.00
Engineer's Estimate	\$300,000.00

The proposal received from Ausonio, Incorporated was determined to be incomplete and could not be considered.

After applying a 5% local preference to qualified bidders, the lowest bidder is Jacob Construction & Design, Inc for a total \$525,543.00 and is 75% above the engineer's estimate. Higher bids are due to increasing demand for construction resources and higher than expected costs for electrical upgrades and installation.

CEQA CONSIDERATION:

Categorically Exempt: The City of Salinas has determined that the project is exempt from the California Environmental Quality Act (CEQA) Guidelines. (Section 15301 (a)(d)(f), Class 1) because the project proposes the rehabilitation of an existing public facility that will not expand beyond the existing limits.

STRATEGIC PLAN INITIATIVE:

The project complements the City Council's Goals for Economic Diversity and Prosperity, and Quality of Life.

DEPARTMENTAL COORDINATION:

The Public Works Department coordinated with the Permit Center in the design and plan review. The divisions within the Public Works Department also manage the procurement and contract execution for the design and construction phases.

FISCAL AND SUSTAINABILITY IMPACT:

The current budget for the FREIGHT BUILDING IMPROVEMENTS AT 1A STATION PLACE FOR THE CALIFORNIA WELCOME CENTER PROJECT No. 9265 is as follows:

FY 17-18		
Division	Encumbrances to date	Available Budget
9265 – Freight Building Renovation - Debt Services		\$275,000.00
9265 – Freight Building Renovation - Measure G		\$66,450.94
9265 – Freight Building Renovation - General Fund		\$171,400.00
9265 – Freight Building Renovation - Special Construction Assistance		\$5,400.00
9265 – Freight Building Renovation	(\$40,961.46)	(\$40,961.46)
Total		\$477,289.48

Based on the lowest bid received, the estimated total construction cost is \$707,543.00 including inspection, contingencies, and administration:

<u>Construction Cost</u>	
Base Bid	\$525,543

Contingencies (12%)	\$63,000
Admin. Overhead (\$50K max)	\$50,000
Inspection/Construction Admin. (8%)	\$42,000
Permit Fees	\$12,000
Architectural Consultant Support	<u>\$15,000</u>
Total Estimated Project Costs	\$707,543

All bids were higher in cost than expected because of an overall increase in demand for construction resources as well as higher costs for electrical installation and upgrades. Based on the lowest bid received, there is a shortfall of \$230,254. In order to move forward with the improvements and the new tenant, staff proposes to fund the shortfall by requesting that Council authorize the transfer of \$235,000 of Debt Service funds from the Women's Club Upgrade account, CIP No. 9052, to the Freight Building Improvements at 1A Station Place for the California Welcome Center account, CIP No. 9265.

The Women's Club building (CIP No. 9052) will continue to receive improvements. The re-roofing was completed in August 2018, and the next phase is to paint and weatherize the exterior, and repair and replace molding where needed, and repair the windows. The interior tenant improvement construction drawings will be prepared for bidding, and bids will be solicited and received in time for funding consideration as part of the Mid-Year budget adjustments.

The projected completion of the Freight Building Improvements is expected to be Mid-January 2019, dependent on the proposed funding authorizations and weather constraints.

ATTACHMENTS:

- Resolution
- Bid Tabulation Sheet – Attachment A
- Lease Agreement between City and Salinas Valley Tourism & Visitors Bureau