

# **REPORT TO THE CITY COUNCIL**

## *City of Salinas, California*

DATE: August 16, 2016

FROM: Gary E. Petersen C.A.E., Public Works Department Director

THRU: Robert C. Russell, P.E., City Engineer

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SUBJECT: **TENANT IMPROVEMENTS 10 SOLEDAD STREET,  
PROJECT NO. 9065**

### **RECOMMENDATION:**

It is recommended that City Council approve a resolution rejecting all bids for the Tenant Improvements at 10 Soledad Street and postponing improvements at this property until after the Chinatown Redevelopment Plan is completed.

### **DISCUSSION:**

On May 5, 2014, the City of Salinas purchased the property at 10 Soledad Street to provide a facility for homeless services. On April 22, 2016, the City began to procure bids for the improvements to 10 Soledad Street, Tenant Improvement project, Project No. 9065. The project calls for a complete demolition/removal of the existing interior walls, fixtures, windows, doors, heating equipment, electrical, plumbing, ramp, wooden raised platform, and removal of roof and roof top equipment, and hazardous material removal. Construction work to include new walls, windows, heating unit, restroom, offices, painting of interior and exterior of building, flooring, new roof system; ADA compliant front entrance ramp with railing and asbestos and lead paint abatement.

After the purchase of 10 Soledad Street and the NEPA Clearance was completed, the City acquired the Services of Kasavan Architects to prepare plans, specifications, and cost estimate for this Project. Currently the City of Salinas is in the process of purchasing the property of 12 Soledad Street (empty lot), which is next to 10 Soledad Street.

The project proposal consisted of one Base Bid as listed below. Bids for the 10 Soledad Street, Tenant Improvements Project No. 9065, were opened on June 2, 2016, with the following results (see attached Bid Tabulation Sheet for details):

<b>Contractors</b>	<b>BASE BID (Basis of Award)</b>
CRW Industries	<b>\$ 363,922</b>
American Construction Engineers	\$419,525
<i>Engineer's Estimate</i>	<i>\$312,860</i>
	<b>Basis of Award</b>

The lowest bid is 16.3% above the Engineer's Estimate. Several factors may have contributed to the low interest in submitting bids and high bids. The general market conditions in construction in the past 6 months have been rising and there may be a cost adjustment due to the perceived risk factor of vandalism at the job site. CDBG funded projects also require extra administrative work effort by the contractor per Federal regulations, which can increase the cost for construction by up to 10% when compared to projects funded by non-federal funds.

During the bid process Staff learned that funding was available to acquire the adjacent property at 12 Soledad Street. With the acquisition of this new adjoining property, many other opportunities have surfaced to create a more substantial facility than what would be possible with just the remodel of 10 Soledad.

Given this consideration, Staff believes that a high cost/investment on an old and small building does not justify moving forward with this project at this time. With the purchase of the empty lot next door an opportunity to merge both lots and build a new larger and more modern facility, more appropriate to the needs of the neighborhood is a very real possibility.

In the meantime, the CDBG funds from this project can potentially be transferred to the Renovation of the Old Muni Pool and/or another project that Council may wish to fund, as modified through the CAPER process.

#### **ENVIRONMENTAL PROCESS:**

The NEPA and CEQA documents were prepared, approved and filed appropriately.

#### **ISSUE:**

Shall the City Council reject all bids for the 10 Soledad Street Tenant Improvements Project No. 9065, and postpone improvements on this property until after the Chinatown Redevelopment Plan is completed and approved?

#### **FISCAL IMPACT:**

This project is funded with \$194,400 (FY 14/15) and \$150,000 (15/16) of CDBG funds; and \$85,000 in Measure G funds for a total of \$429,400. To date, \$75,690 has been spent and encumbered on the conceptual design, architectural services, asbestos survey, clean-up of the inside of building and to secure building's roof, doors, windows and fence, and project coordination, leaving an unencumbered balance of \$353,710.

Below is a summary of the projected costs:

Construction Costs

Base Bid CRW Industries	\$363,922
Construction Inspection (7%)	\$ 25,475
Compliance Officer (2%)	\$ 7,278
Engineering Oversight (2%)	\$ 7,278
Contingencies (10%)	\$ 36,392
Asbestos and Lead Paint Oversight	\$ 11,000
Design for phase 2 parking lot	\$ 18,624
Building Permit	\$ 5,000
<u>Architect Construction Support</u>	<u>\$ 8,310</u>

Total Estimated Project Costs \$483,279

Based on the lowest bid received, insufficient funds are available to award this project. The Public Works Department and Community Development Department are aware of the funding shortfall, and recommend postponing this project until after the Chinatown Rebound Plan is completed and approved.

**TIME CONSIDERATIONS:**

Additional space is needed for the Homeless Service efforts in the Chinatown area. However, upgrading this small building at a very high cost may not be the best answer. City Staff believes that the amount of funds needed to make the improvements does not justify moving forward with this project at this time. Further planning is being done through the Chinatown Redevelopment Plan to better plan for this property and needs of this community. Additionally, Staff believes that the purchase of 10 and, soon ,12 Soledad Street creates an opportunity to merge the two lots and build a new facility.

**ALTERNATIVES/IMPLICATIONS:**

The Council may elect to:

- 1) Rebid the project to see if a lower bid can be secured. Currently, the construction market is very busy and we will likely not receive better bids. It will cost approximately \$2,000 of staff time to rebid the project. City Staff does not recommend this approach as further planning is needed for the ultimate buildout of Chinatown;
- 2) Award the project to the lowest bidder, requiring an additional \$129,569 to fully fund this project. City Staff does not recommend this option, as there is an opportunity to merge the two properties (10/12 Soledad Street) to build a more suitable facility;
- 3) Direct staff to move in another direction.

## **CITY COUNCIL GOALS:**

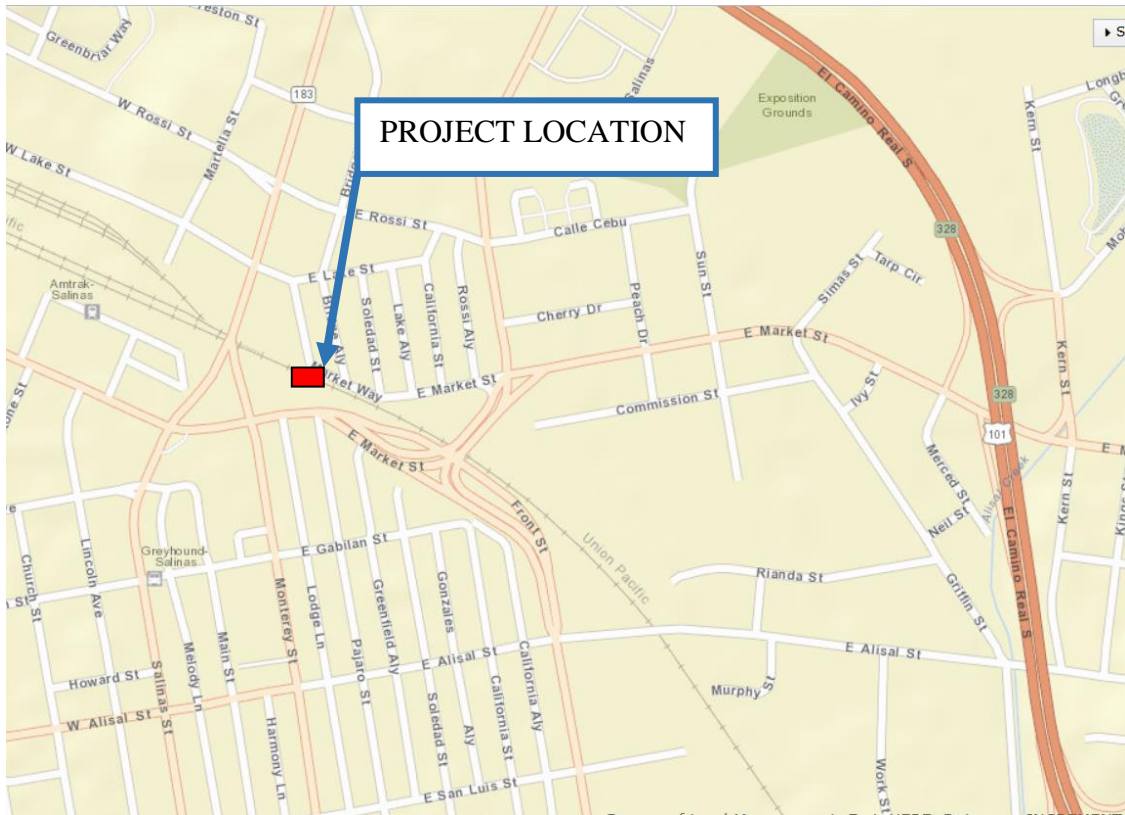
Rejecting the bids for this project will allow the development of different facility more in line with the needs of the Chinatown Community. The newer facility would more closely address City Council's goal of "Economic Diversity and Prosperity", "Excellent Infrastructure", and "Create a Safe and Peaceful Community".

## **CONCLUSIONS:**

At its meeting on August 16, 2016, the City Council is requested to adopt a resolution rejecting all bids for the Tenant Improvements 10 Soledad Street, Project No. 9065, and postpone the improvements at this property until after the Chinatown Redevelopment Plan is completed.

Back up Pages:  
Location Map  
Resolution  
Bid Tab

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**LOCATION MAP for  
10 SOLEDAD STREET TENANT IMPROVEMENTS,  
PROJECT No. 9065**

