



City Council Staff Report

From: City Manager

Report Type: CONSENT CALENDAR

Lead Department: Public Works

Meeting Date: October 21, 2024

Report #:2410-3550

TITLE

Approval of 1) Increase of Construction Contingency for Contract No. C21178123B with Swinerton Builders in the Amount Not-to-Exceed \$1,000,000; 2) Increase of Construction Contingency for Contract No. C23186775 with L.D. Strobel Co., Inc. in the Amount of \$25,000; 3) Increase of Contingency for Purchase Order No. 4523000432 with Pivot Interiors in the Amount of \$40,000 in the Capital Improvement Fund for the New Public Safety Building Capital Project (PE-15001); CEQA – Environmental Impact Report for the New Public Safety Building and New California Avenue Area Garage (Resolution 9772)

RECOMMENDATION

Staff recommends that Council:

1. Approve an increase of construction contingency for Contract No. C21178123B with Swinerton Builders in the amount not to exceed \$1,000,000 for a total contract contingency amount not to exceed \$10,392,800;
2. Approve an increase of construction contingency for Contract No. C23186775 with L.D. Strobel Co., Inc. in the amount of \$25,000 for a total contract contingency amount not to exceed \$66,449; and
3. Approve an increase to the contingency for Purchase Order No. 4523000432 with Pivot Interiors, Inc in the amount of \$40,000 for a total contingency amount not to exceed \$132,169.

BACKGROUND

The New Public Safety Building (PSB) (PE-15001) and New California Avenue Area Parking Garage (PE-18000) projects are among ten key projects included in the 2014 Council Infrastructure Plan. The PSB was identified as the plan's highest priority project and is tied together with the parking garage project with respect to the California Environmental Quality Act (CEQA). The parking garage opened in December 2020. On February 1, 2021, Council approved the award of the construction contract for the PSB to Swinerton Builders and authorized execution and delivery of one series of Certificates of Participation in an amount not

to exceed \$120 million to finance the PSB construction.¹ The PSB construction is anticipated to receive a temporary certificate of occupancy (TCO) in December 2024.

On March 6, 2023, Council approved a construction contract with L.D. Strobel Co., Inc. in the amount of \$455,935 for the purchase and installation of radio antennas.² On June 19, 2023, Council approved a Purchase Order with Pivot Interiors in the amount of \$756,021 to provide cubicle and office furniture for the new PSB.³ On June 17, 2024, Council approved additional contingencies to the construction contract with Swinerton Builders and the Purchase Order with Pivot Interiors in the amounts of \$1,000,000 and \$23,440, respectively.⁴

ANALYSIS

The PSB is one of the most complex projects that the City has constructed to date. Given its complexity, since the PSB construction contract was awarded in early 2021, there have been change orders addressing issues of unforeseen site conditions, owner requested changes, design clarifications, and required changes due to authorities having jurisdiction, which are agencies that are responsible for enforcing codes and regulations. In addition, since change order costs are based on current construction costs rather than bid amounts, the significant escalation of construction costs over the past several years has impacted the project and the use of the contingency. On June 17, 2024⁴, Council approved a \$1,000,000 additional contingency amount for the PSB construction contract. As of September 2024, that contingency has been nearly used on multiple change orders including smoke control for the detention area, sally port coiling doors, and a number of other items needed to address code compliance and Americans with Disabilities Act (ADA) matters that are required to receive a TCO. Staff expects to receive a TCO in the next several weeks and an additional \$1,000,000 is recommended to provide enough contingency authorization to continue to evaluate and process valid change orders needed for work required for TCO as the project nears completion.

Due to the length of time it has taken to construct the PSB, additional funding authority is needed for existing contracts.

- For the construction contract with L.D. Strobel Co., Inc., the original contract approved by Council on March 6, 2023 included base services of \$414,486 and \$41,449 for contingency. The existing contingency was used for the installation of additional lighting

¹ City Council, February 1, 2021; Agenda Item #4, SR #11752, <https://www.cityofpaloalto.org/files/assets/public/v/3/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2021/id-11752.pdf>

² City Council, March 6, 2023; Agenda Item #6, SR #2301-0886 <https://www.cityofpaloalto.org/files/assets/public/v/1/public-works/engineering-services/cip-contracts/sr2301-0886-3.6.2023-psb-radio-antenna-contract.pdf>

³ City Council, June 19, 2023; Agenda Item #9, SR #2304-1375, <https://www.cityofpaloalto.org/files/assets/public/v/1/public-works/engineering-services/cip-contracts/sr2304-1375-6.19.2023-pivot-one-workplace-purchase-orders.pdf>

⁴ City Council, June 17, 2024; Agenda Item #17, SR #2404-2929, <https://www.cityofpaloalto.org/files/assets/public/v/1/public-works/engineering-services/cip-contracts/s1b9gof.pdf>

and ground bars (electrical connections that divert undesirable current to protect humans and equipment). The additional \$25,000 is needed for additional coordination and ground bars installation.

- For the Purchase Order with Pivot Interiors (Attachment A), the original contract approved by Council on June 19, 2023 included base services of \$687,292 and \$68,729 for contingency. On June 17, 2024, Council authorized an additional \$23,440 in contingency for prevailing wage increase and additional storage fees through June 2024. The additional \$40,000 contingency request is for additional costs for increased rates after July 1, 2024, project management and onsite lead coordination fees, and stair-carrying and double handling due to constricted space onsite.

Staff is currently working on a contract amendment with the construction manager Cumming Group, formally known as Nova Partners, Inc., for construction management services through the end of the project and will bring that contract amendment to Council in November.

FISCAL/RESOURCE IMPACT

The Public Safety Building project (PE-15001) has remained within the design and construction budget of \$115,632,064 stated at the time of the construction contract award. The recommendations in this report also are within that stated total project cost for design and construction. There have been overages against this project for salary and benefits costs that have affected the total project budget of \$118.6 million as of the FY 2025 Adopted Budget. These additional salary and benefit charges total \$937,000 and will increase the total project budget to \$119.5 million. These charges will be corrected as part of CMR#2405-3061, Approval of Fiscal Year 2024 Reappropriation Requests to Fiscal Year 2025, scheduled for Council approval on October 21, 2024. Once this technical corrective action is approved, the project will be appropriately budgeted for design and construction expenses of \$115,632,064, allowing for sufficient funding for the recommendations included in this report. Salary and benefits costs for capital projects are fully budgeted in the Capital Improvement Fund and any additional salary and benefit needs for this project will be addressed at Fiscal Year 2025 year-end through the Capital Improvement Fund Administration project (AS-10000).

STAKEHOLDER ENGAGEMENT

Staff provides monthly updates on PSB construction through the PSB's project webpage and newsletter.

ENVIRONMENTAL REVIEW

An Environmental Impact Report for the PSB and the New California Avenue Area Parking Garage was prepared and was certified by Council on June 11, 2021, by adoption of Resolution No. 9772.⁵

⁵ Resolution 9772, <https://www.cityofpaloalto.org/files/assets/public/v/1/city-clerk/resolutions/reso-9772.pdf?t=40475.53>

ATTACHMENTS

Attachment A: Pivot Purchase Order #4523000432

APPROVED BY:

Brad Eggleston, Director Public Works/City Engineer