



9.3

DEPARTMENT OF
GENERAL SERVICES

CITY OF SACRAMENTO
CALIFORNIA

5730 - 24TH STREET
BUILDING FOUR
SACRAMENTO, CA
95822-3699

OFFICE OF THE DIRECTOR

PH 916-433-6200
FAX 916-399-0263

September 9, 1992

DIVISIONS:

City Council
Sacramento, California

COMMUNICATIONS
FACILITY MANAGEMENT
FLEET MANAGEMENT
PROCUREMENT SERVICES

Honorable Members in Session:

**SUBJECT: AWARD OF BID TO McCARTHY WESTERN CONSTRUCTORS, INC.
IN THE AMOUNT OF \$45,795,165.00 FOR THE SACRAMENTO
CONVENTION CENTER EXPANSION (PA11)**

LOCATION and COUNCIL DISTRICT

Council District 1 - 1100 14th Street (Convention Center)

SUMMARY

This project has been advertised for bid. Bids have been received and a contract award is recommended.

RECOMMENDATION

It is recommended that the City Council accept the bid and award the contract for construction of the Sacramento Convention Center Expansion (PA11) project, including Alternates #1 through #7, to McCarthy Western Constructors, Inc., the lowest responsible bidder, in the amount of Forty-five Million Seven Hundred Ninety-five Thousand One Hundred Sixty-five and No/100 Dollars (\$45,795,165).

BACKGROUND INFORMATION

Market Analysis:

The existing Sacramento Community / Convention Center, built in 1974, is currently used for smaller state and local conventions and trade shows, public shows and numerous community events. The City of Sacramento has been unable to attract and accommodate its full market potential of convention-related events, due in part to the size constraints of the existing Community / Convention Center and the current heavy utilization level of the facility.



City Council

Re: Award of Contract for Construction to McCarthy Western Constructors, Inc.
for the Sacramento Convention Center Expansion (PA11);

September 9, 1992

Page 2

A market analysis for the Community / Convention Center Expansion provided space planning parameters for the Expansion which would optimize its market potential (Coopers & Lybrand, 1987). The market analysis recommended increasing the exhibit space to 140,000 square feet, plus adding meeting rooms, a new ballroom and enlarging the loading dock facilities. The market analysis was updated by Cooper & Lybrand in June 1992 and verified that the analysis of the scope and economics of the project was valid. Coopers & Lybrand also found that the expansion would significantly increase the number of local jobs and would positively financially impact the local economy. (See attached charts)

Program Environmental Impact Report:

With the additional space needs in mind, the City prepared a comprehensive Draft Environmental Impact Report (EIR). The program EIR considered all of the significant environmental impacts of expanding the existing Community / Convention Center to the maximum potential size recommended by Coopers & Lybrand, and the building of three (3) new office buildings in close proximity to the Convention Center. In accordance with California's Environmental Quality Act (CEQA), the EIR analyzed four alternative expansion sites: North, East, West, and the SOCA alternative. In addition, a "No Project" Alternative was analyzed.

On October 4, 1988 the City Council certified the Program EIR as complete and adequate under CEQA, and on October 25, 1988 the Council approved the East Alternative and issued Findings of Fact and Statement of Overriding Considerations. The East Alternative project description included blocking and closure of 14th Street between J Street and K Street to combine the existing Convention Center site with the block directly to the east, excluding St. Paul's Episcopal Church and the Panattoni building.

Expansion Project Design History:

On January 23, 1990 the City Council authorized a contract for architectural/engineering design consultant services with Vitiello+Associates/Loschky Marquardt & Nesholm for the Expansion project.

On April 11, 1990 the City Council approved the "Architectural Programming Study for the Sacramento Community/Convention Center" by Vitiello + Associates with Loschky, Marquardt & Nesholm (V+A/LM&N).

On April 17, 1990 the City Council authorized a contract for site and program-specific market study for the Expansion project with Coopers & Lybrand. The completed "Phase II Market, Financial and Economic Analysis of the Sacramento Community Convention Center" (Phase II Market Study) recommended minor modification to the architectural program in the sizes of specific (i.e.- Ballroom) spaces. These recommendations were incorporated in the final Concept Design.

On September 11, 1990 the City Council accepted the Concept Design with several design alternates, and authorized staff to initiate the Schematic Design.

On February 26, 1991 the City Council accepted the Schematic Design as the basis of the "project description" required for analysis in the project Supplemental Environmental Impact

City Council

Re: Award of Contract for Construction to McCarthy Western Constructors, Inc.
for the Sacramento Convention Center Expansion (PA11);

September 9, 1992

Page 3

Report (SEIR). Council authorized staff to initiate the Design Development and Construction Documents phases of project design.

On September 10, 1991 at the completion of Design Development phase, Staff reported to Council on the project design, project budget, and project schedule.

On February 19, 1992, after an extensive series of workshops and public presentations, the Design Review and Preservation Board approved the Expansion project exterior design, conditional on the inclusion of a bid alternate for a vault roof material upgrade.

Supplemental Environmental Impact Report:

Based on the project description provided by the accepted Schematic Design, the City prepared a comprehensive Draft Supplemental Environmental Impact Report (SEIR). On March 17, 1992 City Council certified the Expansion project SEIR as complete and adequate under CEQA and issued Findings of Fact and Statement of Overriding Considerations.

Site Preparation Work:

On March 17, 1992 City Council awarded a contract for Site Preparation to prepare the site and modify the existing facility so that a "ready-for-construction" site can be turned over to the Expansion contractor for construction without impacting the project schedule and/or the continued occupancy of the existing facilities. Site Preparation work is now complete.

Expansion Project Bidding and Results:

On March 17, 1992 Council approved the plans and specifications for the Sacramento Convention Center Expansion, and authorized solicitation of bids. The plans and specifications included seven (7) project alternates.

On August 11, 1992, bids were received and opened by the City Clerk's Office. Fourteen (14) bids were received. The results, including all alternates, are as follows:

1. McCarthy Western Constructors.....	\$45,795,165
2. J.A. Jones	\$46,045,000
3. Hensel Phelps Construction Co.....	\$47,083,000
4. Walsh Construction.....	\$47,108,500
5. HuntCor.....	\$47,244,000
6. Campbell / PCL	\$47,260,625
7. Centex Golden.....	\$48,034,000
8. Continental Heller.....	\$48,318,000
9. Dillingham Construction	\$48,423,000
10. J.R. Roberts Corporation.....	\$48,466,000
11. Sundt Corporation	\$48,547,000
Construction Cost Estimate.....	\$48,797,280
12. Perini Building Corporation.....	\$48,814,000
13. Morse Diesel International	\$49,117,818
14. Stolte	\$50,180,000

City Council

Re: Award of Contract for Construction to McCarthy Western Constructors, Inc.
for the Sacramento Convention Center Expansion (PA11);

September 9, 1992

Page 4

The base project estimate and budget for the Expansion project construction is \$45,960,000, and the project estimate and budget for Asbestos Abatement is \$650,000. Asbestos Abatement was added to the Expansion project by Addendum No.1, and increases the budget available for construction to \$46,610,000. The seven alternates were estimated to increase the construction cost by \$2,187,280 to a total cost of \$48,797,280. McCarthy Western Constructors submitted a total bid, including all alternates, below the estimated base project cost and within the project budget. Attached is a Bid Results Analysis.

Bid Protests:

McCarthy Western Constructors has submitted a letter of protest to the bid submitted by J. A. Jones citing discrepancies in the listing of subcontractors. J. A. Jones has also submitted a letter concerning the McCarthy Western bid citing discrepancies in their listing of subcontractor's license numbers. Both the McCarthy Western and J. A. Jones bids contain some errors and omissions, but the bids clearly identify amounts for all items, and provide sufficient information on subcontractors to declare that both contractors are responsive bidders.

A post-bid letter was submitted on behalf of Russel-Blair Associates, a hardware distributor, protesting the City's specified list of acceptable door hardware manufacturers and products, and claiming of a violation of the Public Contracting Code. Their protest was in opposition to a bid document addendum which revised the technical hardware specifications for door locks and closers to call for specific components; and by so doing, deleted other manufacturers. Staff responded to this protest in a letter which pointed out that the City's specification revision was in response to several factors, including the need to match the hardware in the existing facilities since the project is an expansion to the existing building, to continue the City practice of standardizing hardware components in City buildings, and to reduce operational and maintenance costs. Changing the hardware specifications was legal and proper.

Bid Alternates:

The McCarthy Western Constructors bid of \$45,795,165 includes \$1,528,782 for project Alternates #1 through #7. The Instructions to Bidders indicated that the City could accept the bids for any, or all, of the alternates.

In order to comply with Council's previous direction to contain project costs to \$80 million, project alternates were developed to reduce the estimated cost of the Expansion project to within the construction budget. Items included in the alternates are either program elements important to the functioning and marketing of the facility, or are items added to the scope of the project at the request of Council and/or the Design and Historic Preservation Board. Descriptions of the alternates are as follows:

Alternate No. 1 - Add 5000 square feet (SF) of Basement Level storage area: Increases the total building storage to within 5,000 SF of the programmed amount. The basement storage area is an integral part of the building structure, and must be accepted for award or be deleted in its entirety with no possible future retrofit.

Alternate No. 2 - Add 5000 SF of Basement Level storage area (in addition to the storage area added by Alternate No. 1): In conjunction with Alternate No. 1, increases the total building storage area to the required program amount. This basement storage area is also an integral part of the building structure, and must be accepted for award or be deleted in it's entirety with no possible future retrofit.

Alternate No. 3 - Add floor hardener (Exhibit Hall), operable wall Track (Exhibit Hall), lighting, and increase Exhibit Hall stage power: The floor hardener and operable wall track are project program items necessary for maintenance and flexibility, while the additional lighting and stage power have been determined to be necessary to provide operational flexibility and increase market competitiveness. The floor hardener and wall track are integral to the structure, and must be accepted for award or be deleted in their entirety with no possible future retrofit. The lighting and power could be added at a later date, but at a substantially higher cost.

Alternate No. 4 - Add Ballroom operable walls, interior finishes in employee areas, and add terrace security doors: This work could be added later, but at a substantially higher cost.

Alternate No. 5 - Finish 13th Street retail space, increase street planting materials, and miscellaneous finishes: All items either complete the buildout of the 13th Street retail spaces requested by Council, increase the esthetics of the building exterior (also reducing maintenance requirements) at the request of the Design Review and Preservation Board, or add to the visual esthetics of specific interior public spaces. While this work could be added at a later date, the cost will be substantially higher.

Alternate No. 6 - Provide stainless steel roofing at the vaulted roof (instead of painted steel): This alternate was added at the request of the Design Review and Preservation Board as a condition of their approval of the Expansion project design. The metal roofing material is an integral, permanent component of the building exterior.

Alternate No. 7 - Lighting Elements: These lighting elements are a visual focus and an integral part of the exterior esthetics for the J/14th Streets and 13/K Streets main building entries. The lighting elements were developed at the recommendation of the project architect and approved by Design Review and Preservation Board and are a part of the approved design.

Project Schedule:

The Sacramento Convention Center Expansion project will be constructed in 2 phases so that the existing Convention Center can remain in use throughout the construction process. Phase 1 will add the new Exhibit Hall, Meeting Rooms and Ballroom areas. Upon completion of Phase 1, the Convention Center's activities will move into those new areas and Phase 2 will start. Phase 2 will add new lobby, building service areas, and retail spaces to the 13th Street side of the existing facility.

City Council

Re: Award of Contract for Construction to McCarthy Western Constructors, Inc.
for the Sacramento Convention Center Expansion (PA11);

September 9, 1992

Page 6

Award of this construction contract will provide for completion of Phase 1 of the Expansion project by November 1994, and completion of Phase 2 by October 1995. Any delay in award of the construction contract will cause a corresponding delay in completion.

FINANCIAL CONSIDERATIONS

Bids received for the base project and alternates reflect the current depressed market conditions for the construction industry. Those market conditions afford the opportunity to add project alternates to the construction while remaining within the budget allocated for the base building, only. The Expansion project budget includes sufficient funds for construction of the Expansion project and all project alternates.

City Council has previously directed that the Sacramento Convention Center Expansion project be completed according to the project schedule and within the \$80 million project budget. Current cost estimates indicate that the Expansion project is within budget. (See attached detailed budget) Project funding includes prior year (FY88 - FY92) CIP funding (\$15,800,000) and proceeds earmarked for the Convention Center from 1991 Revenue bonds (\$64,200,000)

The Sacramento City Financing Authority issued \$148,655,000 of 1991 Revenue Bonds on November 26, 1991. These bonds were issued to finance the construction and/or renovation of various City project including the Convention Center Expansion project. Net bond proceeds in the amount of \$80,855,133 have been earmarked for this project. Included in this figure is a debt service reserve (\$7,037,150), 31 months of capitalized interest (\$14,100,000), related issue costs (\$56,500) and construction proceeds (\$59,661,483). Together with expected interest earnings of \$4,538,517, there will ultimately be \$64,200,000 available for construction and related project purposes.

Construction funding from bond proceeds will be available upon execution of a project lease by and between the City and the Sacramento Financing Authority. Lease financing is based on the actual project funding requirement of this award plus construction contingencies, consultant fees, miscellaneous expenses and administrative costs to complete the Expansion project. Council's authorization to execute the lease is requested as a separate action coincident with this staff report.

POLICY CONSIDERATIONS

The award of a competitive bid is consistent with Chapter 58, Article III, Section 58.304.

WBE / MBE EFFORTS

To encourage minority participation, contract documents were sent to twenty (20) plan rooms and construction service organizations for publication. Four (4) of those organizations are directly involved with WBE/MBE / construction firms.

City Council

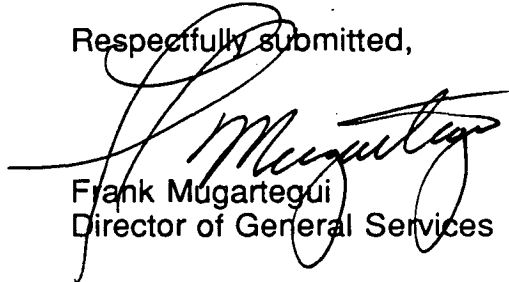
Re: Award of Contract for Construction to McCarthy Western Constructors, Inc.
for the Sacramento Convention Center Expansion (PA11);

September 9, 1992

Page 7

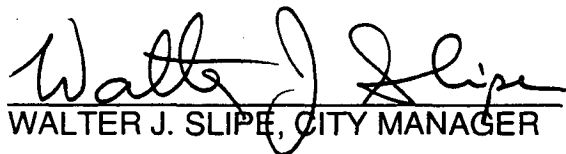
From the fourteen (14) bids received, none of the General Contractors is a certified WBE/MBE firm. However, McCarthy Western Constructors, Inc. listed two (2) subcontractors as WBE/MBE firms.

Respectfully submitted,



Frank Mugartegui
Director of General Services

RECOMMENDATION APPROVED:



WALTER J. SLIPE, CITY MANAGER

For Council Meeting of
September 22, 1992

Contacts:

Duane Wray, Fac. Mgt. Div., 443-6220;
or Jim Faber, Project Mgr., 264-7745