TO: Mayor and City Council
FROM: Public Works Department
SUBJECT: RESOLUTION: FIRE COMPANIES NOS. 9 AND 12 AMBULANCE BAY EXPANSION, PROJECT NO. 03-28

RECOMMENDATION

It is recommended that two resolutions be adopted. The first resolution will approve plans and specifications, accept a late non-collusion affidavit, and award a construction contract in the amount of $460,849.66 to McDonald Glenn Company for the Fire Companies Nos. 9 & 12 Ambulance Bay Expansion Project No. 03-28. The second resolution will approve findings and authorize award of a contract to Valley Management Group (VMG) for construction management, inspection, and materials testing services in the amount of $31,000. It is further recommended that the resolutions authorize the City Manager to record any and all appropriations and transactions necessary to complete funding of the project.

DISCUSSION

Background

The Stockton Fire Department (SFD) provides emergency medical dispatch, fire suppression, basic life support, advanced life support (ALS) first response services for the City of Stockton and four contracted fire-protection districts in San Joaquin County. The City has provided “first responder” paramedic services to portions of the City since 1976 and has provided “first responder” paramedic services from all of its fire companies since 2000.

In February 2002, Council adopted a resolution authorizing the City Manager and the Fire Chief to work with San Joaquin County to develop a business plan and operational procedures for the ambulance transportation service. Subsequently, the Stockton Fire Department Emergency Medical Services Transportation (EMST) Report was prepared in March 2002.

In May 2002, Council authorized the provision of 9-1-1 emergency only ambulance service by SFD personnel based on above EMST Report prepared by the Fire Department. Given that fire companies are strategically located throughout the City's populated areas to meet fire protection needs of the citizenry, it seemed logical to modify the existing companies to house the new emergency ambulance team as well. The report concluded that fire based Emergency Medical Service (EMS) Concept of Operation can provide higher, faster, and lower cost levels of service to the City.
Based on the EMST Report, the first stage of the implementation program consisted of providing five (5) fire-company-based emergency transportation units followed by another five (5) units. Based on location and emergency response needs, the first five priority companies to be modified for EMS are Fire Companies 9, 12, 7, 10, and 11. Fire Companies 9 and 12 were given high priority. Therefore, the plan was to remodel these two fire companies for the EMS units and complete the remaining companies at a later date. Fire Company No. 9 is located at 550 East Harding Way and Fire Company No. 12 is located at 4010 East Main Street.

On November 18, 2003, the Council authorized award of a contract to Wenell Mattheis Bowe Architecture (WMB) in the amount of $59,600 for design and construction support services needed for Fire Companies 9 and 12. WMB completed the plans, specifications, and estimate for the EMS modifications to these companies in late May 2004. Thereafter, the project was advertised for bids.

**Current Situation**

On July 1, 2004, bids were received on the above project with the following results for all bid schedules:

- McDonald Glenn, Manteca ........................................... $460,849.66
- Gowan Construction, Tracy ........................................... $472,408.00
- Barham Construction, Ceres ........................................... $502,340.18

**Architect’s Estimate (WMB) ........................................... $262,200.00**

The bids received were substantially over WMB's estimate. WMB's estimate was based on a construction cost database made up of historical construction data from the year 2003. WMB performed a detailed review of bids to identify reason for the discrepancy between the bids received and their estimate.

Based on WMB's analysis, construction costs have increased substantially in the last three to six months. In many building trades, construction costs have more than doubled due in large part to higher labor costs and dramatic increases in bonding and liability insurance premiums which have almost doubled for some small contractors. (See attached WMB letter). The largest factor giving rise to construction costs is the volume of construction taking place in California right now. New construction appears to have become the “mainstream” of the California economy. There is presently a glut of construction projects with more projects on the books than there are contractors available for the work.

In concert with WMB's bid analysis, the SFD obtained an independent construction estimate from VMG, a company which specializes in the construction management of fire companies. VMG's estimate was within 10% of the average bid, thus indicating that the bid amounts are within current market parameters.
In addition to VMG's estimate, the City retained Turner Construction to provide a second independent detailed cost estimate. Turner Construction's total project estimate was approximately $1,000 less than that of McDonald Glenn, the low bidder.

Overall, the analysis of bids and the results of the independent estimates indicate the bids represent current industry prices and a rebid would yield the same results.

The bid of McDonald Glenn, low bidder, was found to be responsive except for the following: 1) The List of Subcontractors (Sheet BF6) did not indicate dollars values of work for listed subcontractors, and 2) The Non-Collusion Affidavit form (sheet BF7) was not notarized properly. The City Attorney's office has reviewed the irregularities. A corrected Non-Collusion Affidavit has been submitted and requires Council approval to be accepted. During the bidding period, Letter of Clarification No. 1 waived the requirement that 50% of the work be completed by the Contractor. This action essentially eliminated the intended purpose of the List of Subcontractors. As such, irregularities on this form are considered immaterial. Gowan Construction, second low bidder, has submitted a letter of protest regarding McDonald Glen's bid irregularities on the List of Subcontractors (attached). City staff will respond to Gowan Construction with the above stated opinion.

Staff is recommending awarding a construction contract to The McDonald Glenn Company for the Fire Companies Nos. 9 & 12 Ambulance Bay Expansion Project. McDonald Glenn has the proper license for this work.

Findings for Construction Management, Inspection, and Materials Testing Services

Stockton Municipal Code 3-105 deals with bidding, contracting, and purchasing procedures. Among its provisions are exceptions to the competitive bidding requirements for contracts of $26,607 or more in cases where the City Council has approved findings which support and justify exceptions to the competitive bidding process.

In anticipation of the Council awarding a construction contract as recommended, Fire Department staff, working on recommendations received from neighboring fire departments, contacted VMG to negotiate a project-specific proposal and fee to provide construction management, inspection, and materials testing services for the project. As VMG is not on the master vendor pool list, the following findings are presented to justify the recommendation to use this consultant:

1. The Fire Department requests VMG provide construction management services based on their specific and vast work experience on fire companies. VMG has vast experience in project design, coordination of contractors and subcontractors, as well as inspection services. VMG comes highly recommended from the government agencies of Lodi, Modesto, Riverbank, Ripon, Woodbridge, and Lathrop.

2. The estimate fee submitted by VMG is reasonable.
3. Public Works does not have the staff resources to perform this work in the time
prescribed project schedule constraints.

VMG will oversee the renovation of each fire company. Specifically, their scope of services
includes material testing and inspection services needed during demolition, carpentry,
heating and air conditioning, electrical, mechanical, and other trade activities. VMG will also
perform other general management functions during construction to ensure the
construction progresses in accordance with the approved plans and specifications.

VMG will provide construction management, inspection, and materials testing services for
a negotiated fee of $31,000 on a time and material basis. In general, typical construction
management, inspection, and materials testing costs range from 10% to 15% for building
projects of this size and complexity. VMG's construction management inspection, and
materials testing fee of $31,000 represents approximately 6.7% of the low bid. Staff has
reviewed the fee carefully and finds the fee to be reasonable given the complexities of this
project. Therefore, staff recommends Council authorize award of a contract to VMG for
construction management, inspection, and materials testing services for this project.

Project construction is anticipated to begin in late fall of 2004 and will take approximately
four months to complete, weather permitting.

**FINANCIAL SUMMARY**

Sufficient funds are available in Account No. 043-7104-630, Emergency Medical
Treatment, which has an unencumbered balance of $875,000 as of August 30, 2004.

**PREPARED BY:** James Wong

Respectfully submitted,

**ERIC ALVAREZ**
CAPITAL IMPROVEMENT
PROGRAM MANAGER

Attachments

::ODMA\GRP\WISE\COS.PW.PW_Library:68586.1
Gowan Construction, Inc.
License # 696797

City of Stockton
Att: James Wong
425 N. El Dorado St.
Stockton, Ca. 95202

Re: Bid Protest Project 03-28 Fire Companies 9 & 12 Ambulance Bay Expansion

Dear Mr. Wong,

I would like to file a formal protest to the bid on the following basis:
The other 2 bidders, Barham Construction and McDonald Glenn Construction failed to complete the amount information on the "List Of Subcontractors" form. Based on this I would like to request their bids be rejected as incomplete and Gowan Construction be listed as the lowest responsive bid and apparent low.

Respectfully Submitted

Carl W. Gowan

Carl W. Gowan
July 19, 2004

James Wong  
City of Stockton  
Public Works Department  
425 N. El Dorado  
Stockton CA 95202

SUBJECT:  CITY OF STOCKTON  
FIRE STATIONS #9 AND #12 ADDITIONS AND REMODEL  
BID EVALUATION

Dear James,

The bids received were substantially over the engineers estimate. The original estimate was prepared approximately six months prior to the bid opening. The estimate was based on 2003 construction cost data.

Construction costs have increased substantially in the last three to six months. In many areas costs have more than doubled. In addition, labor costs have also increased. Worker’s Compensation Insurance rates have impacted labor costs, and contractor’s bonding and liability insurance has risen dramatically, almost doubling for some small contractors.

One of the predominate issues in the rise of construction costs is the amount of construction taking place in California right now. New construction appears to have become the “mainstay” of the California economy. There is a glut of construction projects at the present time. In fact, according to McGraw Hill, there are more projects on the books than there are contractors available for the work, i.e. contractors are controlling the market.

After the bids for this project were opened, a third party prepared a new construction cost estimate. Their estimate came within 10% of the average bid thus indicating that the bid amounts are within current market parameters. We recommend awarding the contract to the lowest bidder.

Sincerely,

WENELL MATTHEIS BOWE INC.

[Signature]

Tom Bowe, Architect  
Vice-President