



MEETING DATE: 1/17/06

ITEM NO. 11

COUNCIL AGENDA REPORT

DATE: JANUARY 11, 2006

TO: MAYOR AND TOWN COUNCIL

FROM: DEBRA J. FIGONE, TOWN MANAGER

SUBJECT: AWARD OF CONSTRUCTION CONTRACT FOR PROJECT 04-64
INSTALLATION OF EQUIPMENT FOR THE CHILLER/COOLING TOWER
REPLACEMENT IMPROVEMENTS

- A. ADOPT RESOLUTION DECLARING THERMA CORPORATION TO BE THE LOWEST RESPONSIBLE BIDDER ON THE PROJECT AND AWARDING A CONSTRUCTION CONTRACT IN THE AMOUNT OF \$311,123.
- B. AUTHORIZE STAFF TO ISSUE CHANGE ORDERS TO THE CONSTRUCTION CONTRACT UP TO AN AMOUNT OF \$30,000.
- C. AUTHORIZE BUDGET ADJUSTMENT IN THE AMOUNT OF \$152,647 FROM BUILDING MAINTENANCE FUND BALANCE 695-36000 TO ACCOUNT 6695-84553.

RECOMMENDATION:

1. Adopt Resolution (Attachment 1) declaring Therma Corporation to be the lowest responsible bidder on the project and awarding a construction contract (Exhibit A) in the amount of \$311,123.
2. Authorize staff to issue change orders to the construction contract up to an amount of \$30,000.
3. Authorize Budget adjustment in the amount of \$152,647 from Building Maintenance Fund Balance 695-36000 to account 6695-84553.

BACKGROUND:

During the Council legislative recess in July, the Town Manager approved the plans and specifications for the installation of equipment for the Chiller/Cooling Tower Replacement and authorized staff to advertise the project for bids.

On August 31, 2005, sealed bids were received by the Clerk Administrator from Therma, Ray L. Hellwig Plumbing, and O. C. McDonald Company that produced one properly completed bid package. The Council, at its meeting of September 6, 2005, rejected the bid that was deemed unacceptable on the basis of cost far in excess of the project budget.

PREPARED BY: JOHN E. CURTIS

Director of Parks and Public Works

Reviewed by: PSJ Assistant Town Manager OK Town Attorney Clerk Administrator
SC Finance Community Development Revised: 1/12/06 3:14 pm

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Staff rebid this project, and only one bid was received by the Clerk Administrator on November 16, 2005 from Foothill Heating and Air Conditioning in the amount of \$448,000. The Council, at its meeting of December 5, 2005, rejected this bid that was also deemed unacceptable on the basis of cost far in excess of the project budget.

Staff has assessed prior bids and adjusted the scope of work and extended the time period for construction to accommodate scheduling by contractors.

DISCUSSION:

Therma Corporation was the only bidder on the project. The project involves the installation of the replacement Chiller and Cooling Tower purchased by the Town under the Federal GSA purchase program. The project will also include the removal and replacement of the existing main air handling unit, domestic hot water storage tank, associated asbestos, abatement, and the removal of inoperative and unused HVAC components.

Staff has checked the bid received and has determined that Therma Corporation is responsible and its bid is responsive. It is recommended that the Council adopt the attached Resolution declaring Therma Corporation to be the lowest responsible bidder on the project and award a construction contract to this firm in the amount of \$311,123.

Further, it is recommended that the Council authorize staff to execute future Change Orders to the construction contract up to an amount of \$30,000. Given the variables associated with this type of construction, staff should be able to manage the construction work and the change order amount is adequate to cover the cost of unforeseen circumstances that may arise during the course of construction, and/or for additional quantities of work that may exceed those included in the awarded contract. The construction of this project is anticipated to be completed by April, 2006.

CONCLUSION:

Staff recommends that the Council accept the staff recommendations noted above.

ENVIRONMENTAL ASSESSMENT:

This is a project as defined under CEQA but is Categorical Exempt (Section 15301©). A Notice of Exemption will not be filed.

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FISCAL IMPACT:

The Adopted Operating Budget provides funds for the Civic Center Chiller Replacement Project, as part of the internal services fund Account # 6695-84553. Due to unforeseen project installation issues, the cost of this project has exceeded the original appropriated amount. Staff have reviewed and conducted significant analysis of the installation process issues and have determined the most effective manner to proceed with this project, as proposed. The Building Maintenance Fund Balance of \$1,000,995 has sufficient funds to provide a budget adjustment in the amount of \$152,647, as follows:

CIVIC CENTER CHILLING COOLER TOWER REPLACEMENT

	<u>Budget Funding</u>	<u>Expended/ Encumbered To Date</u>	<u>Available Balance</u>	<u>Proposed Budget Adjustment</u>	<u>Proposed Contract Amount</u>	<u>Remaining Budget If Approved</u>
Account 6695-84553	343,000	154,524	188,476	152,647	341,123	-
TOTALS	343,000	154,524	188,476	152,647	341,123	-
TOTAL EXPENDITURES BY CATEGORY:						
Staff Labor						
Materials		94,895				
Engineering Design		56,400				
Construction/Services		3,229			311,123	
Contingency					30,000	
TOTALS		154,524			341,123	

Attachments:

1. Resolution authorizing (Exhibit A) Construction Contract with Therma Corporation
2. Bid Summary

RESOLUTION

**RESOLUTION OF THE TOWN COUNCIL
OF THE TOWN OF LOS GATOS
AWARDING A CONSTRUCTION CONTRACT TO
THERMA CORPORATION
FOR PROJECT 04-64
INSTALLATION OF EQUIPMENT FOR THE
CHILLER/COOLING TOWER REPLACEMENT**

WHEREAS, bids were sought in conformance with State and Town law for Project 04-64
- Installation of Equipment for the Chiller/Cooling Tower Replacement; and

WHEREAS, Therma Corporation submitted the lowest bid which the Town Council
deems to be responsive to the Town's solicitation.

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Los
Gatos, County of Santa Clara, State of California, that Therma Corporation is declared to be the
lowest responsible bidder for Project 04-64 - Installation of Equipment for the Chiller/Cooling
Tower Replacement.

BE IT FURTHER RESOLVED that the Town Manager is hereby authorized and directed
to execute a construction contract (Attached as Exhibit A) for said project on behalf of the Town in
the amount of \$311,123.

BE IT FURTHER RESOLVED, that staff is authorized to execute future change orders,
as necessary, up to an amount of \$30,000.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los
Gatos, California, held on the 17th day of January, 2006, by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED: MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

ATTEST:

CLERK ADMINISTRATOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

Attachment 1

CONTRACT

THIS AGREEMENT is between the Town of Los Gatos (hereinafter referred to as "Owner") and Therma Corporation (hereinafter referred to as "Contractor"). Owner and Contractor, for the consideration hereinafter named, agree as follows:

A. SCOPE OF WORK

Contractor shall furnish all materials and perform all of the work for the construction of PROJECT #04-64 - Installation of Equipment for the Chiller/Cooling Tower Replacement in accordance with the Contract Documents.

B. CONTRACT PRICE

As full compensation for furnishing all materials and for doing all the work contemplated and embraced in this Contract, also for all loss or damage arising out of the nature of the work aforesaid, or from the actions of the elements, or from any unforeseen difficulties or obstructions which may arise or be encountered in the prosecution of the work until its acceptance by Owner, and for all risks of every description connected with the Work, also for all expenses incurred by or in consequence of the suspension or discontinuance of work, and for well and faithfully completing the Work, and the whole thereof, in the manner and according to the Contract Documents, Owner shall pay **\$311,123** (three hundred and eleven thousand one hundred and twenty three dollars) which shall supersede any other amount specified in the Contract Documents.

C. CONTRACT DOCUMENTS

All rights and obligations of Owner and Contractor are fully set forth and described in the Contract Documents. All parts of the Contract Documents are intended to be correlated so that any work called for in one part and not mentioned in the other, or vice versa, is to be executed the same as if mentioned in all said documents. The Contract Documents are defined in Part I, Section 1-1.01(A) of these Specifications and are incorporated herein by reference the same as though set out in full.

D. BEGINNING OF WORK

Following the execution of this Contract and the approval of bonds and insurance policies and certificates, Owner shall issue a *Notice to Proceed* with the Work. Commencing work or the entrance of equipment or materials on the site of the Work by Contractor before receipt of the *Notice to Proceed* is at the sole risk and expense of Contractor, and the Contractor shall be fully liable for any damage or injury sustained by Owner or third persons resulting therefrom.

E. TIME OF COMPLETION

The Work called for herein shall be fully completed within THIRTY (30) working days of Contractor's receipt of the *Notice to Proceed*.

F. CORRECTION OF WORK AFTER ACCEPTANCE AND FINAL PAYMENT BY TOWN
Contractor shall remedy any defects due to faulty materials and/or workmanship and pay for any damages to other work and/or existing facilities resulting therefrom which shall appear within a period of 2 years from the date of recording of the *Notice of Completion*.

G. LIQUIDATED DAMAGES

The undersigned has reviewed and is thoroughly familiar with the appropriate sections of the Contract and Part I, Section 8-1.03 of these Specifications pertaining to liquidated damages.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of ____
____ day of _____, 20____.

TOWN OF LOS GATOS, by:

CONTRACTOR, by: Therma Corporation

Debra J. Figone, Town Manager

RECOMMEND BY:

John E. Curtis
Director of Parks and Public Works

(Contractor's License Number)

APPROVED AS TO FORM:

Orry P. Korb, Town Attorney

ATTEST:

Marlyn Rasmussen, Clerk Administrator

TOWN OF LOS GATOS

CLERK DEPARTMENT

BID SUMMARY

PROJECT: PROJECT 0464 CIVIC CENTER CHILLER COOLING TOWER

DATE: JANUARY 11, 2006 TIME: 10:00 A.M. BY: MarLyn Rasmussen

NO ADDENDUMS

BIDDER	CONFIRMED BID	NET BID
THERMA 1601 LAS PLUMAS AVENUE SAN JOSE, CA 95133-1613	\$311,123.00	\$311,123.00

ATTEST: MarLyn Rasmussen
Clerk Administration

DATE: January 11, 2006