

## **2.15 Report on Bids and Award of Contract for the 10346-San José Museum of Art Cooling Tower Replacement Project.**

### **Recommendation:**

(a) Report on bids and award of a contract for the construction of the 10346-San José Museum of Art Cooling Tower Replacement Project to the lowest responsive, responsible bidder, ACCO Engineered Systems Inc., for the base bid and Bid Alternate No.1 and No. 2 in the amount of \$1,442,305; and

(b) Approve a 15% contingency in the amount of \$216,346.

CEQA: Exempt, File No. ER24-103, CEQA Guidelines Section 15302(c) Replacement or reconstruction of existing utility systems and/or facilities. Council District 3. (Public Works)



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Matt Loesch

**SUBJECT:** See Below

**DATE:** July 22, 2024

Approved

Date:

8/1/24

**COUNCIL DISTRICT: 3**

**SUBJECT: Report on Bids and Award of Contract for the 10346-San José Museum of Art Cooling Tower Replacement Project**

## **RECOMMENDATION**

- (a) Report on bids and award of a contract for the construction of the 10346-San José Museum of Art Cooling Tower Replacement Project to the lowest responsive, responsible bidder, ACCO Engineered Systems Inc., for the base bid and Bid Alternate No.1 and No. 2 in the amount of \$1,442,305; and
- (b) Approve a 15% contingency in the amount of \$216,346.

## **SUMMARY AND OUTCOME**

This memorandum summarizes the bids received and requests award of a contract for the construction of the 10346-San José Museum of Art Cooling Tower Replacement Project (Project). The Project will replace the current aging cooling tower at San José Museum of Art building (**Attachment** - Location Map-10346 San José Museum of Art Cooling Tower Replacement.)

Award of the contract to ACCO Engineered Systems Inc. will enable the Project to proceed into construction for the timely needed cooling tower replacement. Approval of a 15% contingency will provide funding for any unanticipated work necessary for the proper completion or construction of the Project.

## **BACKGROUND**

The Project is located within the San José Museum of Art facility at 110 South Market Street, San José. In this facility, built in 1988, temperature control is provided via several air-handling units utilizing chilled water supplied by two water-cooled chillers,

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one cooling tower, and two condenser water pumps. The cooling tower, which is original to the building, has exceeded the expected 25-year lifespan. In 2023, the Facilities Management division within the Public Works Department faced issues with the cooling tower failing and water leaking through the basin and fan snout. Temporary repairs were made at that time; however, a complete replacement is urgently needed. Additionally, the existing waterproofing on the mechanical penthouse floor has failed which caused water to leak to the floor below and deterioration of the pump concrete pad.

In August 2023, City and museum maintenance staff, as well as a City vendor, evaluated the building's cooling tower and concluded that immediate replacement was needed due to the following reasons: 1) the building space's temperature and relative humidity conditions cannot be sustained due to a malfunctioning cooling tower; 2) the existing cooling tower is single-cell with no redundancy, causing the entire chilled/condenser water system to be off-line during any maintenance or repair; and 3) the cooling tower is 35 years old and in poor condition.

The Project base bid scope is to remove and replace the existing cooling tower and the two condenser water pumps with associated concrete pad and install new weatherproofing on the existing penthouse floor. In addition to the base bid, there are two Bid Alternates that were considered as part of the Project.

Bid Alternate No. 1 - provide a temporary cooling tower during construction.

Bid Alternate No. 2 - install a third condenser water pump.

The Project construction is expected to start in September 2024 and be completed by July 2025.

**ANALYSIS**

Bids were opened on June 27, 2024, with the following results.

<b><u>Contractor</u></b>	<b><u>Base Bid</u></b>	<b><u>Bid Alt. Total</u></b>	<b><u>Total Bid</u></b>	<b><u>Variance Amount</u></b>	<b><u>Over/(Under) Percent</u></b>
ACCO Engineered Systems Inc. (San José)	\$1,317,105	\$125,200	\$1,442,305	(\$162,695)	(10)
Air Systems Services and Construction (Sacramento) (non-responsive)	\$1,224,569	\$252,160	\$1,476,729	(\$128,271)	(8)
<b>Engineer's Estimate</b>	<b>\$1,392,500</b>	<b>\$212,500</b>	<b>\$1,605,000</b>	<b>--</b>	<b>--</b>

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<b><u>Contractor</u></b>	<b><u>Bid Alternate No. 1</u></b>	<b><u>Bid Alternate No. 2</u></b>
ACCO Engineered Systems Inc. (San José)	\$80,975	\$44,225
Air Systems Services and Construction (Sacramento) ( <i>non-responsive</i> )	\$175,767	\$76,667
<b>Engineer's Estimate</b>	<b>\$147,500</b>	<b>\$65,000</b>

The bid submitted by Air Systems Services and Construction was deemed non-responsive for failing to meet the City's experience requirements and for failing to provide unit prices for every line item in the Schedule of Quantities.

Section 3-1.01D of the City of San José Special Provisions specifies how the City will determine the low bid when bid alternates are included. The section requires the City to determine the low bid by adding the base bid to any bid alternates until a ceiling price is reached. The low bidder will be the bidder whose total amount calculated under the preceding sentence (1) includes the greatest number of Bid Alternates or (2) offers an equal number of Bid Alternates for the lowest price. If the addition of the first Bid Alternate to the base bid results in a figure greater than the ceiling amount in the case of every responsive bidder, the low bid will be determined by the base bid alone.

In this instance, the ceiling price was set at \$1,800,000. Neither bidder exceeded the ceiling threshold, therefore based on the criteria specified in Section 3-1.01D of the Special Provisions, ACCO Engineered Systems Inc. was determined to be the low bidder for the Project. The bid submitted by ACCO Engineered Systems Inc., including the base bid and Bid Alternates No.1 and No. 2, is 10% below the Engineer's Estimate. Staff considers the low bid submitted for this Project to be competitive and reasonable for the work to be performed and recommends the award of the contract to ACCO Engineered Systems Inc.

Section 3-1.01D of the City of San José Special Provisions further specifies that once the low bidder has been identified in the preceding manner, the City may elect to award the base bid item alone or any or all Bid Alternate items in any sequence to that low bidder, even if the resulting contract amount no longer represents the lowest total price for the particular items chosen. In this instance, staff are recommending to award the base bid item with Bid Alternate No.1 and No. 2 to the low bidder, ACCO Engineered Systems Inc.

ACCO Engineered Systems Inc. has completed projects for the City of San José, including the San José Civic Center HVAC Systems Project in 2003, and is the contractor for the ongoing 10202 – The Tech Interactive Chillers and Cooling Tower Replacement Project which is currently in the close out phase and will be completed on time and within budget. Additionally, ACCO Engineered Systems Inc. has completed projects with similar scope in California, such as the Santa Ana Bio project in Alameda and the Northbay Medical Center project in Fairfield.

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*Contingency*

San José Municipal Code Section 27.04.050 provides for a standard contingency of 15% on all public works contracts involving the renovation of a building or buildings. The standard 15% contingency is appropriate for this Project.

*Wage Theft Prevention Policy Check*

The Office of Equality Assurance reviewed bidders for compliance with the City's Wage Theft Prevention policy on June 27, 2024 and again on July 15, 2024. No wage theft issues were identified.

*Project Labor Agreement Applicability*

The City's Project Labor Agreement is applicable to this project as the Engineer's Estimate is over \$1.21 million.

*Local and Small Business Analysis*

The recommended contractor is a local but not a small business enterprise. In addition, several local business enterprises are listed as subcontractors. King Crane (San José) will be performing equipment rigging work valued at approximately (\$42,000). Next Level (San José) will be performing controls and low voltage work valued at approximately (\$78,400). Silver Creek Electric (Morgan Hill) will be performing electrical work valued at approximately (\$198,000). Waterproofing Associates (San José) will be performing waterproofing and roofing work valued at approximately (\$71,000).

**EVALUATION AND FOLLOW-UP**

No additional follow-up action with City Council is anticipated at this time.

**COST SUMMARY/IMPLICATIONS**

The Project supports the City's most urgent repair needs with the goal to ensure uninterrupted operations at the San José Museum of Art. The construction of the Project will provide the museum with a new, reliable, highly efficient cooling tower. The funding source for this Project is through the General Fund Capital Projects Strategic Support City Service Area.

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**1. TOTAL COST OF PROJECT:**

Project Delivery*	\$593,349
Construction**	1,442,305
Contingency	216,346
<b>TOTAL PROJECT COSTS</b>	<b>\$2,252,000</b>
Prior Years' Expenditures and Encumbrances	429,780
<b>TOTAL REMAINING PROJECT COSTS</b>	<b>\$1,822,220</b>

\*Project delivery includes \$364,173 for design services and \$229,176 for construction management and inspection services.

**2. COST ELEMENTS OF AGREEMENT/CONTRACT:**

General Requirements	\$75,565
Mobilization, demolition, and demobilization	\$94,898
Mechanical and plumbing work	\$790,642
Controls scope	\$78,400
Electrical and lighting work	\$206,608
Weatherproofing	\$70,992
Bid Alternate No. 1	\$80,975
Bid Alternate No. 2	\$44,225
<b>TOTAL CONTRACT AMOUNT</b>	<b>\$1,442,305</b>

**BUDGET REFERENCE**

The table below identifies the fund and appropriations to fund the contract recommended as part of this memorandum and remaining project costs, including project delivery, construction, and contingency costs.

Fund #	Appn #	Appropriation Name	Total Appropriation	Amount for Contract	2024-2025 Proposed Capital Budget Page	Last Budget Action (Date, Ord. No.)
001	434I	San José Museum of Art Cooling Tower Replacement	\$2,500,000	\$1,442,305	684	06/18/2024 31102

\*The 2024-2025 Adopted Capital Budget was approved on June 11, 2024 and adopted on June 18, 2024 by the City Council.

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### **COORDINATION**

This memorandum has been coordinated with the City Attorney's Office, the City Manager's Budget Office, the Fire Department, and the Planning, Building, and Code Enforcement Department.

### **PUBLIC OUTREACH**

This memorandum will be posted on the City's Council Agenda website for the August 13, 2024 City Council meeting.

### **COMMISSION RECOMMENDATION AND INPUT**

No commission recommendation or input is associated with this action.

### **CEQA**

Exempt, File No. ER24-103/15302(c) Replacement or reconstruction of existing utility systems and/or facilities.

### **PUBLIC SUBSIDY REPORTING**

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/  
MATT LOESCH  
Director of Public Works

For questions, please contact Sal Kumar, Public Works Deputy Director, at [Sal.kumar@sanjoseca.gov](mailto:Sal.kumar@sanjoseca.gov).

**ATTACHMENT** - Location Map 10346-San José Museum of Art Cooling Tower Replacement

Attachment – Location Map  
10346-SAN JOSÉ MUSEUM OF ART COOLING TOWER REPLACEMENT

