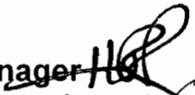


**MOORPARK CITY COUNCIL
AGENDA REPORT**

TO: Honorable City Council

FROM: Hugh R. Riley, Assistant City Manager 

By: Ky Spangler, Special Projects Consultant 

DATE: March 3, 2011 (CC Meeting of 3/16/11)

SUBJECT: Consider Award of Sheet Metal Roofing Construction Contract to Best Contracting Services, Inc., for the Ruben Castro Human Services Center

BACKGROUND

On January 16, 2008, the City Council authorized using the Multiple Prime Construction Management method for the construction of the Ruben Castro Human Services Center (RCHSC). Using this method, the City is taking the role of General Contractor, while hiring prime contractors to perform the different trade components of the work. For the RCHSC, initially the work was split into 16 trade packages; however, due to the limited amount of work associated with trade package #7 (Rough Carpentry), the decision was made to combine that package with trade package #12 (Finishes), leaving 15 total trade packages. Each bidder was required to submit a cashiers check or Bid Bond representing 10 percent (10%) of their total contract amount as part of the bidding process.

Following the design, approval, and land use and zoning permitting efforts for the RCHSC, and the issuance of bid packages and the review of bids, on January 19, 2011, the City Council approved the award of contracts for 15 trade packages for the construction of the Human Services Center. At this meeting, the bid for Sheet Metal Roofing (bid package #10) was awarded to Merit Metal Products, Inc. in the amount of \$44,900 with an Award of Contract letter issued to the contractor on January 20, 2011. However, on March 2, 2011, the City received a letter from the contractor indicating Merit Metal was terminating their Agreement. Their termination letter is attached to this report.

DISCUSSION

Merit Metal Products, Inc. submitted three (3) copies of their executed agreement to the City on February 14, 2011, indicating that bonds (and presumably insurance) would follow. The RCHSC Construction Management firm, Barnhart, Balfour-Beatty, was tasked with working with all RCHSC contractors to obtain insurance certificates and surety documents in compliance with the bid manual and contractual requirements. Barnhart diligently pursued Merit Metal for the submission of these documents. However, on March 2, 2011, the City received a letter from the contractor indicating they were terminating their Agreement. It is presumed that the contractor was unwilling or unable to comply with the City's insurance and bonding requirements, and has demonstrated an unwillingness to participate in mandatory safety and SWPPPs training required under the bid documents.

Having received this letter terminating the Agreement, staff seeks City Council approval to award a contract for Bid Package #10 to the next bidder, Best Contracting Services, Inc., in the amount of \$96,385 for Sheet Metal Roofing services. Best Contracting's bid of \$96,385 is 42 percent (42%) below the engineers cost estimate of \$165,148 for the scope of work associated with this bid package, and Best Contracting is the only alternative bidder for this particular trade contract.

Best Contracting was contacted and has formally agreed to hold their initial bid pricing submitted on October 10, 2010 (see attached letter), notwithstanding the current increase in fuel and materials cost which is presently being experienced in the market.

#10 – Sheet Metal Roofing

Best Contracting	\$96,385.00
Merit Sheetmetal	\$44,900.00

Issuing a contract to Best Contracting will represent an increase of \$51,485 to the construction budget. Best Contracting has also been issued a contract in the amount of \$343,161 as part of bid package #9 for other general roofing construction on this project, and has submitted insurance and bonds as required. Barnhart's Senior Project Manager, Dennis Kuykendall, has indicated that awarding the contract for the balance of the roofing work for the RCHSC will provide an overall benefit to the project as it will eliminate potential coordination issues between contractors constructing and installing roofing components, skylights and other roofing accessories.

The Council may also choose to re-bid the work associated with this bid package without impacting the building construction schedule. It would require revising the bid package prepared for the RCHSC to reflect only the scope of work associated with the sheet metal, skylights and roofing accessories components of the project, and conducting the standard public bid and contracting process. Dennis Kuykendall has indicated that re-bidding the scope is an option as there is no schedule impact;

however, rarely in his experience has the re-bid process resulted in a price reduction, especially given the present volatility in fuel and materials pricing.

As part of this award or direction to re-bid this component of the project, staff requests the City Council's approval to "call" the bid bond in the amount \$4,490 submitted by Merit Metal as part of the bid process.

FISCAL IMPACT

The total cost for site survey, materials testing and inspection, and construction contracts for the Ruben Castro Human Services Center is \$9,233,405.50. With the substitution of a contract to Best Contracting for sheet metal roofing construction, the revised total construction cost is \$9,284,890.50, which represents a 0.55 percent (0.55%) increase to the total cost to construct the RCHSC.

Funding of these construction costs has been divided between the MRA 2006 Tax Allocation Bond (TAB) Proceeds Fund (2905) and Special Projects Fund (4004).

As a reminder, the Special Project Fund is providing interim financing for the County Medical Building until the County reimburses the City.

STAFF RECOMMENDATION

- 1) Award bid for sheet metal roofing outlined in the agenda report, authorize execution of the Agreement by the City Manager subject to final language approval by the City Manager and City Attorney, and authorize the City Manager to approve change orders for up to the 10% contingency amount noted in the Agreement; and
- 2) Authorize "calling" the bid bond in the amount of \$4,490 submitted by Merit Metal Products, Inc. as the penalty for terminating their Agreement following the award of contract.

Attachments – Agreement Termination Letter from Merit Metal Products, Inc.
Confirmation Letter from Best Contracting Services, Inc. to hold bid pricing
Barnhart, Balfour-Beatty recommendation letter

Merit Metal Products, Inc.

3461 Galaxy Place, Oxnard, CA
Phone: (805)981-9747 Fax (805)981-9659
Contractor's License # 475878
www.meritmetalproducts.com



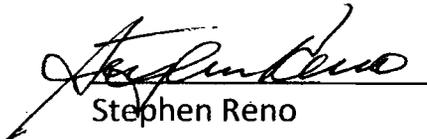
March 1, 2011

To: City Manager
City of Moorpark
799 Moorpark Avenue
Moorpark, California 93021

RE: Bid Package # 10
Ruben Castro Human Services Center

Please accept this letter as our notice to terminate this agreement per paragraph 8 of the agreement dated October 20th, 2010.

Respectfully Submitted,


Stephen Reno
President

RECEIVED

MAR - 2 2011

CITY OF MOORPARK
OFFICE OF THE CITY MANAGER

2011-03-01, File 1

ATTACHMENT 1



BEST CONTRACTING SERVICES, INC.

Phone: (310) 328-6969 * Fax (310) 328-9176

CA License #456263 Classifications A, B, C-8, C-10, C-17, C-20, C-36, C-39, C-43

CONFIRMATION LETTER

March 4, 2011

To: Dennis Kuykendall
(Senior Project Manager)
Barnhart Balfour Beatty
Tel: 805-983-1558
Mobile: 805-574-9131
E-mail: dkuykendall@barnhart-balfourbeatty.com

Re: Bid Package #10

Project: Ruben Castro Human Service Center
Location: City of Moorpark

Hi Dennis,

This letter is to confirm that Best Contracting Services, Inc. will maintain the Total Bid as submitted to the City on October 10, 2010.

Bid Package # 10 – Sheet Metal Roofing, Sheet Metal, Skylights, and Roof Accessories.

Respectfully,

Tom Berger
(Estimator, Façade Division, Best Contracting Services, Inc.)
Tel: 310-328-6969, x-218

TOLLFREE: (800) 300-6445

CORPORATE OFFICE
19027 S. HAMILTON AVE.
GARDENA, CA 90248
(310) 328-6969

HAMILTON LOCATION
19031 S. HAMILTON AVE.
GARDENA, CA 90248
(310) 380-6060

HAYWARD LOCATION
29300 PACIFIC ST.
HAYWARD, CA 94544
(510) 886-7240

barnhart
Balfour Beatty

March 7, 2011

Hugh R. Riley
Assistant City Manager
799 Moorpark Ave.
Moorpark CA 93021

Project; Ruben Castro Human Services Center, City of Moorpark

Ref: Consideration of Award of Bid Package # 10 Sheet Metal Roofing, Sheet Metal Flashings and Roof Accessories To Best Contracting

Dear Mr. Riley,

As you are aware, the City is in receipt of a letter requesting termination of agreement from Merit Sheet Metal, the low responsive bidder for Bid Package # 10 – Sheet Metal Roofing, Sheet Metal Flashing and Roof Accessories.

As a result, the City is now allowed the following options for re-procurement of the scope of work;

- A Request City Council authorization to award the scope for Bid Package # 10 to the next low responsive bidder, Best Contracting Services, Inc.
- B Reject the bid by Best Contracting Services, Inc. and prepare the Bid Package for re-bid.

Upon our review of each option above we offer the following information.

Best Contracting Services, Inc. have formally confirmed they will hold, without qualification, their bid proposal cost of \$96,385.00 as submitted on Bid Day, October 21, 2010. As a matter of note, Best Contracting Services, Inc has previously been award an agreement for Bid Package # 9, Roofing. With the involved coordination necessary between roofing and sheet metal systems, the City would benefit from a single responsible firm for warranty and performance of both systems. Best Contracting's bid is below the original engineer's estimate of \$165,148.

Per the attached e-mail from Best Contracting Services, Inc and supporting documentation from their primary sheet metal material supplier, AEP Span, sheet metal material prices have increased 10-12% as of February 11th, 2011. This increase does not include any increases which may have occurred between the Bid Date of October 21, 2010 and February 11, 2011. In addition to referenced material increases, material prices for sunshades, skylights and roof accessories have increased 10-15% along with transportation costs which have again increased substantially.

In consideration of the information provided above, it would be our recommendation to award the Bid Package to Best Contracting Services, Inc. in lieu re-bidding the scope of work.

Should you have any questions please do not hesitate contacting me at anytime.

Respectfully,



Dennis Kuykendall
Senior Project Manager

Attachments: Best Contracting E-mail 3-7-11
AEP Span Memo January 10, 2010

Kuykendall, Dennis

From: Tom Berger [tberger@bestcontracting.com]
Sent: Monday, March 07, 2011 1:54 PM
To: Kuykendall, Dennis
Cc: Vic Wright; Gary Sdao
Subject: RESPONSE TO EMAIL - Ruben Castro Human Service Center, City of Moorpark, Bid Package # 10 Sheetmetal
Attachments: 1-11-11, PRICE INCREASE - AEP SPAN.pdf

March 7, 2011

To: Dennis Kuykendall
(Senior Project Manager)
Barnhart Balfour Beatty
Tel: 805-983-1558
Mobile: 805-574-9131
E-mail: dkuykendall@barnhart-balfourbeatty.com

Re: Bid Package #10 (Response to your e-Mail)

Project: Ruben Castro Human Service Center
Location: City of Moorpark

Hi Dennis,

This is in response to your e-mail (shown below).

As you probably already know, we have received multiple e-mails from material suppliers that prices have increased (10-15+%).

Many of these material price increases started on January 1, 2011.

I've attached a letter from AEP Span, the metal roof manufacturer, their prices have increased (10-12%). Best Contracting intended to use AEP Span metal roof on this project (per specifications).

This project also has sunshades and skylights, and there is a high probability that Best Contracting will also be charged a higher dollar amount for these materials.

However, Best Contracting has confirmed we'll maintain the same price as shown on the bid form.

Trust this answers your question, Dennis, and certainly hope that Best Contracting is awarded Bid Package #10 (Sheet Metal).

Respectfully,



Tom Berger
Facade Estimator
Best Contracting Services, Inc.

19027 S. Hamilton Ave.
Gardena, CA. 90248
ph. (310) 328-6969 ext # 218



January 10th, 2010

To our Valued Customers,

Our primary steel suppliers have implemented yet another set of increases on raw materials, which impact the roof, wall and secondary framing products we manufacture. These cost increases continue to put significant pressure on the prices of our finished products made from steel. Industry information indicates the increases are being driven by high demand in steel segments, increased fuel costs, and higher raw material costs.

AEP Span will be implementing a price adjustment to meet these increased costs. As of Friday, **February 11th** AEP Span will be increasing prices up to **10-12%** on all products shipping on or after this date.

Volatility in steel pricing has been constant since 2004. All signs indicate that prices will continue to rise over the coming months. AEP Span will do what we can to minimize the impact and keep you informed as timely as possible; but there is little we can do to prevent it. Your AEP Span Sales Representative will be contacting you in the near future to discuss purchase orders you have with us; outstanding project quotations and future pricing specifics with regard to this increase.

We thank you for your continued business. Your willingness to allow us to work with you is recognized and appreciated. We value our relationship with your company and will continue to strive to be your supplier of choice.

Best regards,

A handwritten signature in black ink that reads 'Brad A. Neal'.

Brad A. Neal
Sales Manager
AEP Span
909.429.6718
bneal@aepspan.com