

THIS PRINT COVERS CALENDAR ITEM NO.: 10.4

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Capital Programs and Construction

BRIEF DESCRIPTION:

Awarding SFMTA Contract No. 1309R, Muni Metro East - Boiler and HVAC Rehabilitation Project, to Cal State Constructors, Inc., to replace a boiler and two air condenser units within the Muni Metro East building, in the amount of \$2,587,000, and for a term of 325 days to substantial completion.



SUMMARY:

- On November 6, 2019, the Director of Transportation notified the SFMTA Board of Directors that he had authorized a bid call for SFMTA Contract No. 1309R, Muni Metro East - Boiler and HVAC Rehabilitation Project (Project).
- The Project includes replacement of a boiler and two air condenser units in the Muni Metro East (MME) building located at 601 25th Street, which will improve worker health and safety during extreme weather conditions throughout the year.
- On December 5, 2019, the SFMTA received and publicly opened two bids for Contract No. 1309R. Cal State Constructors, Inc. was the responsible bidder that submitted the lowest responsive bid of \$2,587,000, which was 24% below the Engineer's estimate of \$3,385,000.

ENCLOSURES:

1. SFMTAB Resolution
2. Project Budget & Financial Plan

APPROVALS:

DIRECTOR 
SECRETARY 

DATE

December 31, 2019
December 31, 2019

ASSIGNED SFMTAB CALENDAR DATE: January 7, 2020

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PURPOSE

The purpose of this calendar item is to award SFMTA Contract No. 1309R, Muni Metro East - Boiler and HVAC Rehabilitation Project, to Cal State Constructors, Inc., to replace a boiler and two air condenser units within the Muni Metro East building, in the amount of \$2,587,000, and for a term of 325 days to substantial completion.

STRATEGIC PLAN GOALS AND TRANSIT FIRST POLICY PRINCIPLES

The Work to be performed under Contract No. 1309R supports the following goal and objective in the SFMTA's Strategic Plan and Transit First Policy Principles:

Strategic Plan Goals/Objectives:

Goal 4: Create a workplace that delivers outstanding service.

Objective 4.2 Improve the safety, security, and functionality of SFMTA work environments.

Transit First Policy Principles:

1. To ensure quality of life and economic health in San Francisco, the primary objective of the transportation system must be the safe and efficient movement of people and goods.

DESCRIPTION

The Muni Metro East (MME) building, located at 601 25th Street, was built and occupied in 2008. A few years after its opening, the heating, ventilation, and air conditioning (HVAC) unit appeared to malfunction and did not provide adequate service to the building. The Project will replace the boiler and two air condenser units to bring the HVAC system back into service. The scope of work includes assessment of the existing hydronic and refrigerant systems, replacement of the main cooling and heating system of the building, installation of new hose bibbs, replacement of actuators, and adding heating, cooling and ventilation to two rooms (a conference room and a storage room) where the existing HVAC system is insufficient.

Specifically, the Work includes:

1. Selectively demolish and dispose specific equipment and systems for the installation of work to be performed. Decommission of the existing condensing units.
2. Survey, test, and repair, or replace as required, the existing hydronic system and refrigerant system, with the purpose of providing fully functional systems. Survey the existing domestic water line in order to provide routing for the domestic water system related to the new hose bibbs.

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3. Remove and replace existing OSA actuators, rod, and linkages for the wall louvers and AHU louvers.
4. Provide piping and accessories for two new hose bibbs in the mechanical mezzanine.
5. Replace and relocate components of the main cooling system for the MME building.
6. Replace components of the main heating system for the MME building.
7. Replace the boiler system for the MME building.
8. Provide factory testing of the new boiler system, witnessed by SFMTA representatives.
9. Add heating, cooling, and ventilation to two rooms within MME.
10. Provide as-builts and all closeout documents

The SFMTA believes that the proposed work in this Project will improve worker health and safety during extreme weather conditions throughout year.

Procurement History

The SFMTA previously advertised the Project for competitive bids in August 2019, and received two bids—from Arntz Builders, Inc. (\$2,276,577.85), and Cal State Contractors (\$3,057,000). Following review of the bids, the SFMTA Contract Compliance Office (CCO) determined that the lowest bidder (Arntz) had failed to meet the Local Business Enterprise (LBE) subcontractor participation requirement of 22% and rejected Arntz’s bid as non-responsive. As a result, the Agency was left with one responsive bid (Cal State Contractors) that was higher than the SFMTA engineer’s estimate of \$2,750,000.

Under the provisions of San Francisco Administrative Code, Section 6.23(c)(3), the Agency determined that Arntz and Cal State Contractors were still interested in bidding on the work and that the Agency would likely obtain substantially lower bids by rejecting the remaining bid and re-bidding the contracts.

On October 24, 2019, the Director of Transportation notified the SFMTA Board of Directors that he had authorized rejecting all bids received for Contract No. 1309 with the intention of re-advertising the contract at a future date. On November 6, 2019, the Director of Transportation notified the SFMTA Board of Directors that he had authorized a bid call for Contract No. 1309R in accordance with Board of Directors Resolution No. 09-191, which delegates, among other things, the authority to issue bid calls to the Director of Transportation. On November 10, 2019, the SFMTA issued a second Invitation for Bids for the Project.

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Bids Received

On December 5, 2019, the SFMTA received and publicly opened two bid proposals:

| Bid | Bidders | Bid Amount |
|------------|------------------------------|-------------------|
| 1 | Cal State Constructors, Inc. | \$2,587,000.00 |
| 2 | Arntz Builders, Inc. | \$2,685,265.06 |

The lowest responsive bid of \$2,587,000 submitted by Cal State Constructors, Inc. (CSC) is 24% below the engineer’s estimate of \$3.4 million. The engineer’s estimate at the rebid is higher than the engineer’s estimate for the original bid primarily because the rebid package included additional requirements for the HVAC system and the boiler skid package installation. The Project team has concluded that effective contractor outreach and continued interest in the Project by previous bidders for Contract No. 1309 ensured more competitive bid prices. The SFMTA determined that it has obtained a fair and reasonable price for the work.

The contract requires the construction work to reach substantial completion within 325 days from the Notice to Proceed.

The California Subletting and Subcontracting Fair Practices Act (Public Contract Code section 4104) requires bidders to list all subcontractors that will perform more than one-half of one percent of the value of the Contract. CSC listed the following subcontractors:

| Subcontractor | Status | Value |
|-------------------------|---------------|--------------|
| Monterey Mechanical Co. | N/A | \$920,000 |
| MC Metal | LBE | \$75,200 |
| E. Mitchell, Inc. | LBE | \$264,850 |
| Baytech Engineering | LBE | \$232,750 |

The CCO designated a participation requirement of 22 percent for certified LBEs. CCO reviewed the bid proposals and determined that CSC meets the Local Business Enterprise (LBE) requirements for this contract. The CCO also confirmed that CSC has committed to meeting the Non-discrimination Equal Employment Requirements of the contract and is in compliance with the City’s Equal Benefits Ordinance.

BIDDER’S SAFETY RECORD

Under the Contract, the lowest responsive and responsible bidder must meet the following requirements to demonstrate a satisfactory record of health and safety to qualify for award of the Contract.

1. In the past three years, the contractor is required to have an average workers’ compensation experience modification rate (EMR) of 1.0 or less; and

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2. The contractor shall not have a finding of more than a certain number of “serious,” “willful,” “repeat,” or “serious and willful” health or safety violations/penalties from the State of California Occupational Safety and Health Administration (OSHA) or Federal OSHA based on the following:
 - a. If the contractor’s average gross revenue for the past three years is above \$50 million, the contractor shall not have six or more “serious,” “willful,” “repeat,” or “serious and willful” health or safety violations/penalties from OSHA.
 - b. If the contractor’s average gross revenue for the past three years is below \$50 million, the contractor shall not have three or more “serious,” “willful,” “repeat,” or “serious and willful” health or safety violations/penalties from OSHA.

The SFMTA researched CSC’s health and safety record and verified that: (1) CSC’s EMR for the past three years is 0.89; and (2) it did not have any health or safety violations/penalties in the past three years from OSHA. Therefore, CSC satisfied the health and safety requirements, and is deemed responsible on that basis for award of this Contract.

STAKEHOLDER ENGAGEMENT

The work at the MME Facility is limited to work within the building, including an office space, a storage room, mechanical room, boiler room and on the roof. The work does not directly impact transit service. Public outreach will include communications to the Board of Supervisors office for District 10 as a courtesy since there is no anticipated impact to the community.

Project staff consulted SFMTA Transit management, Facility Management, superintendents and staff who work at the MME Facility during the project design process. MME staff are supportive of the Project.

ALTERNATIVES CONSIDERED

The existing HVAC system at MME has been out of commission for a couple of years. This has had a negative impact on staff productivity and safety as heat was not adequately provided during the winter months, and air conditioning was not supplied to the staff during the hot seasons. Replacing the existing HVAC and boiler was considered the only option.

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FUNDING IMPACT

The Project is locally funded, and the sources of funding are listed in Enclosure 2.

ENVIRONMENTAL REVIEW

The proposed work would consist of in-kind repair of portions of existing structures not visible from the public right-of-way and would not involve expansion of the structure.

On July 18, 2019, the SFMTA, under authority delegated by the Planning Department, determined that the Muni Metro East Boiler and HVAC Rehabilitation Project is not defined as a “project” under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(C) and 15378(b).

A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

The City Attorney has reviewed this calendar item. The Department of Building Inspection is reviewing the plans for the work. No other approvals are required to award this contract.

RECOMMENDATION

Staff recommends that the SFMTA Board of Directors award SFMTA Contract No. 1309R, Muni Metro East - Boiler and HVAC Rehabilitation Project, to Cal State Constructors, to replace a boiler and two air condenser units within the Muni Metro East building, in the amount of \$2,587,000, and for a term of 325 days to substantial completion.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, San Francisco Municipal Transportation Agency (SFMTA) Contract No. 1309R, Muni Metro East - Boiler and HVAC Rehabilitation Project, will replace and install a boiler, and two air condenser units to improve worker health and safety; and,

WHEREAS, In August 2019, the SFMTA advertised Contract No. 1309 for the same work, received two bids, only one of which was responsive, but which exceeded the engineer's estimate; and,

WHEREAS, On October 24, 2019, the Director of Transportation notified the SFMTA Board of Directors that he had authorized rejecting all bids received for Contract No. 1309 with the intention of re-advertising the contract; and,

WHEREAS, On November 6, 2019, the Director of Transportation notified the SFMTA Board of Directors that he had authorized a rebid of Contract No. 1309 as Contract No. 1309R, in accordance with Board of Directors Resolution No.09-191, which delegates, among other things, the authority to issue bid calls to the Director of Transportation; and,

WHEREAS, On December 5, 2019, the SFMTA received and publicly opened two bids for Contract No. 1309R, from Cal State Constructors, Inc. (CSC) and Arntz Builders; and,

WHEREAS, The SFMTA determined that CSC is the responsible bidder with the lowest responsive bid, in the amount of \$2,587,000; and,

WHEREAS, The Contract Compliance Office reviewed the bid proposals and determined that CSC meets the LBE requirements for this Contract, has committed to meeting the Non-discrimination Equal Employment Requirements of the Contract, and is in compliance with the City's Equal Benefits Ordinance; and,

WHEREAS, Contract No. 1309R will be locally funded by General Obligation Bond proceeds and SFMTA operating funds; and,

WHEREAS, On July 18, 2019, the SFMTA, under authority delegated by the Planning Department, determined that the Muni Metro East Boiler and HVAC Project is not defined as a "project" under the California Environmental Quality Act (CEQA) pursuant Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and,

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors, and may be found in the records of the Planning Department at 1650 Mission Street in San Francisco, and is incorporated herein by reference; now, therefore, be it

RESOLVED, That the SFMTA Board of Directors awards Contract No. 1309R, Muni Metro East - Boiler and HVAC Rehabilitation Project, to Cal State Constructors, Inc., to replace a boiler and two air condenser units within the Muni Metro East building, in the amount of \$2,587,000, and for a term of 325 days to substantial completion.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of January 7, 2020.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

ENCLOSURE 2

MUNI METRO EAST - BOILER AND HVAC REHABILITATION PROJECT

San Francisco Municipal Transportation Agency, Contract No. 1309R

Project Budget and Financial Plan

| Cost | Amount |
|---|--------------------|
| Preliminary Engineering Staff Support (SFMTA and Other City Services) | \$33,050 |
| Detail Design Phase Staff Support (SFMTA and Other City Services) | \$33,000 |
| Construction Phase Construction Contract, Contingency, and Staff Support | \$6,110,944 |
| Total Cost | \$6,473,944 |

| Funding | Amount |
|----------------------------------|--------------------|
| General Obligation Bond Proceeds | \$2,400,000 |
| SFMTA Operating Funds | \$4,073,944 |
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| | |
| Total Committed | \$6,473,944 |
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