

Agenda Report

TO: CITY COUNCIL **DATE:** March 10, 2008

THROUGH: FINANCE COMMITTEE

FROM: CITY MANAGER

SUBJECT: REJECTION OF ALL BIDS FOR THE CONSTRUCTION OF
PASADENA ICE SKATING FACILITY

RECOMMENDATION

It is recommended that City Council reject all bids received on December 28, 2007, in response to the Request for Bids for construction of the Pasadena Ice Skating Facility.

BACKGROUND

In August 2005, the City Council amended the FY 2006 Capital Improvement Program Budget to include a new project in the "Municipal Buildings and Facilities" section titled, "Pasadena Ice Skating Facility." This project was approved by the City Council to assist the Pasadena Ice Skating Center (PISC) in finding a new location for the ice skating facility that is currently located in the old ballroom at the Convention Center. It has been the desire of the Pasadena Center Operating Company to relocate the ice rink and restore the historic ballroom as part of the civic center expansion plans. Subsequently, The Albert Group Architects was hired by the City for the design of the project with a project budget of \$12 million. In December 2006, the total project budget was increased and adopted at \$16.2 million primarily due to contractor cost escalation, poor soil conditions, and utility connection cost. The redesign process to address these issues commenced in December 2006 and it was concluded in August 2007. Between August 2007 and December 2007, contractors were prequalified for the project, peer review effort was concluded, constructability review effort undertaken, and qualified contractors bid on the project.

Staff is looking at various options in an effort to more closely align the project costs and the project budget. These options include a review of projected revenues and costs to determine if additional principal is available for debt

service, a review of funding sources to determine if other funds can be allocated to the project, and a review of project design to see if substitution of more cost-effective materials can reduce construction costs.

Staff believes this work will take an additional six months to complete before a new bid can be presented for City Council consideration to construct the ice Rink.

In accordance with Section 4.08.070 of the Pasadena Municipal Code, contractors were prequalified to bid on the project and bids were requested from the qualified contractors and received. The project was advertised in the Pasadena Star News, City's website, Bid America, and FW Dodge in August 2007. Five attended the mandatory prequalification/bid job walk and four submitted qualifications which met requirements and three of them submitted bids.

Following advertising, bids were received on December 28, 2007, and are as follows:

<u>Bidder</u>	<u>Amount</u>
1. G.C. Builders	\$19,517,000 (Withdrew Bid)
2. Mallcraft Inc.	\$21,772,000
3. Earl Corporation	\$23,910,000

GC Builders notified the City on January 7, 2008, that due to a clerical error in their bid, GC Builders would like to respectfully withdraw their bid. GC Builders failed to include a price for exterior stucco and composite metal panels in their bid proposal. This error would cause GC Builders to experience a significant financial loss and their withdrawal is allowed per bid documents.

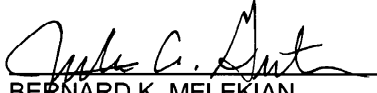
The lowest bid is approximately 90 percent higher than the Engineer's Estimate of \$16.2 million; however, it is consistent with cost escalations that staff believes might impact the project. The primary factors for this situation are the following: Construction cost inflation for specialty public works facilities, and additional structural requirements due to site conditions.

Staff has been receiving feedback from the construction industry since January 2008 that the bidding environment is improving and as such staff will explore options to minimize cost and rebid the project.


FISCAL IMPACT

Rejecting the bids and implementing minor redesign and re-advertisement of the project will cost additional \$500,000. Funds to cover this are available in the Capital Improvement Program, Budget Account No. 71144, Pasadena Ice Skating Facility. An updated budget and appropriations request will be presented for City Council action when new bids are received.

Respectfully submitted,


for BERNARD K. MELEKIAN
City Manager

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