

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: JANUARY 14, 2019

ITEM NO: 10

SUBJECT: **AGREEMENT WITH SCHINDLER ELEVATOR CORPORATION, OF SAN DIEGO, CALIFORNIA, IN THE AMOUNT OF \$1,151,578 AND CONTINGENCY OF 15% FOR A TOTAL AMOUNT NOT TO EXCEED \$1,324,315 IN RESPONSE TO BID NO. 7607 FOR ELEVATOR MODERNIZATION OF MISSION SQUARE PROJECT – WORK ORDER NO. 1719865 IN THE AMOUNT OF \$1,500,000**

ISSUES:

Approve an agreement with Schindler Elevator Corporation, of San Diego, California, in the amount of \$1,151,578 in response to Bid No. 7607 for the elevator modernization of Mission Square project located at 3750 University Avenue; approve contingency of 15%, or \$172,737; and approve Work Order No. 1719865 in the amount of \$1,500,000.

RECOMMENDATIONS:

That the Board of Public Utilities:

1. Award Bid No. 7607 to Schindler Elevator Corporation, of San Diego, California, in the amount of \$1,151,578 for the elevator modernization of Mission Square project;
2. Authorize a 15%, or \$172,737, contingency for unforeseen conditions or required modifications, including but not limited to owner requested changes and improvements, and authorize staff to issue appropriate change orders not to exceed that amount;
3. Approve Work Order No. 1719865 in the amount of \$1,500,000; and
4. Authorize the City Manager or his designee, to execute the agreement with Schindler Elevator Corporation and make any minor or non-substantive changes.

BACKGROUND:

On October 13, 2015, the City acquired the Mission Square Office Building at 3750 University Avenue (Property), which was funded by Riverside Public Utilities (RPU). As such, the City is now the landlord of the Property. The Property consists of approximately 127,533 square feet of rentable office and retail space in a six-story building, plus a basement level and a 490 stall parking garage situated on approximately 2.5 acres of land.

On March 13, 2017, the Board of the Public Utilities conceptually approved the elevator modernization of the mechanical systems and passenger cab refurbishment project for an estimated amount of \$1,500,000.

In August 2017, Lerch Bates, Elevator Consultant, was retained to develop a survey of the elevator conveyer system at Mission Square. The survey concluded that the elevator systems and the controls were all original installations at the time of construction in 1985 and all systems were out dated, and in below average condition. Lerch Bates recommended replacement of the control system, new drive units, and the various other mechanical equipment, and the updating of all four elevator cabs – two passenger elevators accessible to floors 1-6; one passenger/freight elevator accessible to the basement-6th floor; and one garage elevator accessible to garage floors 1-3.

DISCUSSION:

In May 2018, the Finance Department/Purchasing Division posted Bid No. 7573, Elevator Modernization of Mission Square. Although five companies downloaded the bid documents, only one contractor attended the mandatory job walk on May 17, 2018. Because there was only one contractor that would be able to submit a bid following the mandatory job walk, staff canceled Bid No. 7573 on June 7, 2018, before bids were received. Lerch Bates reevaluated the details of the project scope, and personally reached out to the prospective bidders who had downloaded the bid documents. After collecting information from those contacted, Lerch Bates clarified and defined a revised project scope and a second bid, Bid No. 7607, Elevator Modernization of Mission Square was posted on August 28, 2018.

To avoid replicating the low response to the previous bid, staff used contacts provided by Lerch Bates to directly reach out to various elevator companies within the industry to request that they download the plans for the project and provide a bid. This effort generated more interest than the previous bid with eight companies downloading the plans. Additionally, there was a job walk, but it was non-mandatory. Therefore, the contractor could attend, if they wanted to, but it would not limit their ability to submit a final bid by the due date. Two weeks prior to the original close date for the bids, all eight companies were contacted by staff to determine whether they were going to provide a bid. During these calls, a few companies requested an extension of the bid closing date to provide additional time to submit a bid.

In an effort to receive more bids for the project, the closing date for the bid was extended by two weeks. One week prior to the closing of the bid, all potential bidders were again contacted and asked if they planned to provide a bid. All but two of the companies stated they intended to provide a bid prior to the close. When Bid No. 7607 closed on October 18, 2018, Schindler Elevator Corporation was the only company to provide a bid. When companies that did not provide a bid were queried as to why they did not provide a bid, the vast majority stated they had too many projects already underway.

After two attempts of bidding the elevator modernization project on the City's bidding site and contacting potential companies directly requesting them to bid, it is extremely improbable that rebidding the Elevator Modernization of Mission Square project a third time would result in a significantly different outcome. In addition, the amount of the bid is approximately 16% more than the engineer's estimate that is nearly a year old. Based on the pricing seen on various other projects within the City, this variation appears to be within the expected rate of increase over the year.

The General Services Department/Capital Project Division is the lead on this project. They will work with Public Utilities Department staff and the Mission Square Property Manager to strategically schedule a plan of action for the renovation of each elevator, one at a time to lessen the impact to building tenants. Special consideration will be given when the exterior garage elevator is taken out of service for renovation to include temporary parking for ADA users on the first floor of the parking structure. When the interior building freight elevator is taken out of service for renovation, which is the only elevator access to the basement, all deliveries will be rerouted. Furthermore, while each of the other interior elevators are undergoing construction, there will be two additional elevators in operation. The total project is estimated to take 18 months.

The project/fiscal breakdown is as follows:

Project and Fiscal Breakdown		
Work Type:	Performed By:	Amount(\$):
Design	Lerch Bates	\$31,300
Project Management and Engineering (estimated at 9% of total project cost)	City of Riverside General Services Department	\$129,385
Construction:	Schindler Elevator	\$1,151,578
Permits		\$15,000
Contingency (15%)		\$172,737
Work Order Total:		\$1,500,000
Anticipated Start Date:		April 2019
Anticipated Duration:		October 2020

A contingency of 15% is requested to cover any unforeseen conditions that may appear once the renovation of the elevators begins. The elevators are over 30 years old and there could be additional issues that the contractor is not aware of. Additionally, the elevator interior finishes have not been selected, and while the bid amount includes an allowance of \$25,000 per cab for interior modernization, the amount may not be sufficient to cover the total cost once the selected finishes are finalized. It is not the intention to spend the money unless there is a need to do so, while being mindful of the use of public funds. However, this is a Class A building, and, therefore, the tenant's expectations are that the new elevators will benefit the usage of the building.

While the final interior cab finishes have not yet been selected, below are examples of what staff will work with the contractor on to update and modernize the interior of the elevators during the project.



The Purchasing Manager concurs that the recommended actions are in compliance with Purchasing Resolution No. 23256.

FISCAL IMPACT:

The total fiscal impact is estimated at \$1,500,000. Sufficient funding will be available in the Mission Square Building Occupancy Building and Improvements Account No. 6000030-462055, pending the carry forward of related capital project funds as authorized by City Charter Section 1104, and Finance Department disclosure of the carryover to the City Council in January as part of the Fiscal Year 2018/19 First Quarter Financial Report.

Prepared by: Aileen Ma, Interim Utilities Assistant General Manager/Finance & Administration
Approved by: Todd M. Corbin, Utilities General Manager
Approved by: Al Zelinka, FAICP, City Manager
Approved as to form: Gary G. Geuss, City Attorney

Concurs with: Carl Carey, General Services Director

Certifies availability
of funds: Aileen Ma, Interim Utilities Assistant General Manager/Finance & Administration

Attachments:

1. Bid Award Recommendation
2. Agreement with Schindler Elevator Corporation
3. PowerPoint Presentation