City of FRESNO **REPORT TO THE CITY COUNCIL**

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| AGENDA ITEM NO. | 1G |
| COUNCIL MEETING: | December 2, 2008 |
| APPROVED BY | |
| DEPARTMENT DIRECTOR | |
| CITY MANAGER | |

December 2, 2008

**FROM:** KENNETH A. NERLAND, Director
General Services Department

PATRICK N. WIEMILLER, Director
Public Works Department

**BY:** GERALD S. TODD, Manager
GSD/Administration Division

Presented to City Council
Date 12/2/08
Disposition Adopted & awarded as recommended

**SUBJECT:**

1. ADOPT FINDING OF A CATEGORICAL EXEMPTION, PURSUANT TO CEQA GUIDELINES, SECTION 15301(d), CLASS 1
2. AWARD A CONTRACT IN THE AMOUNT OF $1,176,000 TO TNT INDUSTRIAL CONTRACTORS, INC. OF SACRAMENTO, CA TO INSTALL A NEW BOILER SYSTEM IN THE FRESNO CONVENTION AND ENTERTAINMENT CENTER (BID FILE NO. 2864) (COUNCIL DISTRICT 3)

**KEY RESULT AREA**

Resource Management

**RECOMMENDATION**

Staff recommends the City Council:

1. Adopt finding of a Categorical Exemption, pursuant to CEQA Guidelines, Section 15301(d), Class 1.
2. Award a contract in the amount of $1,176,000 to TNT Industrial Contractors, Inc. of Sacramento, CA to install a new boiler system in the Fresno Convention and Entertainment Center (FCEC). (Council District 3)

**EXECUTIVE SUMMARY**

Currently the boiler system which is utilized to heat the FCEC has been in service for approximately 43 years since the Center was originally built in 1965. Because of the age of the boilers, replacement parts are no longer available and any further repair does not provide any significant extended use of the system. Replacement of the current boiler system will provide for the latest efficient natural gas system to heat the Complex.

Following analysis of all submitted bids, staff recommends that TNT Industrial Contractors, Inc. of Sacramento, CA, be awarded a contract in the amount of $1,176,000 as the lowest responsive and responsible bidder.

Staff has determined that this project fits within the definition of the Class 1 Categorical Exemption as set

forth in CEQA Guidelines, Section 15301(d), because the project involves the restoration or rehabilitation of deteriorated or damaged structures, facilities, or mechanical equipment required to meet standards of public health and safety. Therefore, staff has concluded that this Categorical Exemption applies to this project.

**KEY OBJECTIVE BALANCE**

Replacement of the FCEC boiler system balances all Key Objectives of Customer Satisfaction, Employee Satisfaction and Financial Management by upgrading the FCEC and providing patrons with a premium entertainment venue, further enhancing the Center's marketability and revenue generating capabilities.

**BACKGROUND**

Phase II renovations to the FCEC include the replacement of the boiler system utilized to heat the FCEC which has been in service for approximately 43 years since the Center was originally built in 1965. Because of the age of the boilers, replacement parts are no longer available and further repair does not provide any significant extended use of the system. Replacement of the current boiler system will provide for the latest efficient natural gas system to heat the Complex.

Specifications were prepared to furnish and install a new boiler system, and a Notice Inviting Bids was published in the Business Journal on September 29, 2008, and was also posted on the City's web site. Specifications were distributed to 18 prospective bidders. Ten sealed bid proposals were received and opened in a public bid opening on October 30, 2008. The ten bids received ranged from the low bid of $1,176,000, submitted by TNT Industrial Contractors, to a high of $1,633,906. TNT Industrial Contractors was determined to be the lowest responsive and responsible bidder.

The Engineer's Estimate for the new boiler system was $1,679,910.00. The recommended award amount is 30% or $ 503,910.00 under the Engineer's Estimate.

The City Council may:

- Award a contract to TNT Industrial Contractors, Inc., in the amount of $1,176,000 or,
- Reject all bids and re-advertise the project, which will result in a delay of approximately 60 days.

**FISCAL IMPACT**

Sufficient funds are currently appropriated for replacement of the FCEC boiler system.

Attachment: CEQA Categorical Exemption
Evaluation of Bid Proposals
Fiscal Impact Statement

# CITY OF FRESNO
# CATEGORICAL EXEMPTION

THE PROJECT DESCRIBED HEREIN IS DETERMINED TO BE CATEGORCIALLY EXEMPT FROM THE PREPARATION OF ENVIRONMENTAL DOCUMENTS PURSUANT TO ARTICLE 19 OF THE STATE CEQA GUIDELINES.

**APPLICANT:**

City of Fresno
Public Works Department
2600 Fresno Street
Fresno, CA 93721-3615

**PROJECT LOCATION:**

Fresno Convention and Entertainment Center
848 'M' Street
Fresno, CA 93721

**APN: 468-040-01T**

**PROJECT DESCRIPTIOIN:**

The Fresno Convention and Entertainment Center is comprised of three buildings: Selland Arena, Valdez Exhibit Hall, and the Saroyan Theater. The three buildings are heated by the use of hot water generated by two boilers located in a mechanical room in the basement of the Valdez Exhibit Hall. The boilers were installed in 1965 as part of the construction of the complex, and have been in service for 43 years. The condition of the boilers has deteriorated to the point where repairs are no longer practical and cost effective. The City is proposing to replace the two existing boilers with 10 new modular, high efficiency boilers, to provide heating to the Complex. The new boiler system will provide for a modern energy efficient heating system to heat the Complex.

**This project is exempt under Section 15301(d)/Class 1 of the California Environmental Quality Act (CEQA) Guidelines.**

**EXPLANATION:**

Section 15301(d)/Class 1 exempts from the provisions of CEQA the restoration or rehabilitation of deteriorated or damaged structures, facilities, or mechanical equipment to meet current standards of public health and safety.

Date: November 18, 2008

Prepared By: Mark Vester, PE
Project Manager

Submitted by:

Steven Son, PE
Capital Projects Manager
Public Works Department
City of Fresno
(559) 621-8674

# EVALUATION OF BID PROPOSALS

FOR: FRESNO CONVENTION CENTER AND ENTERTAINMENT CENTER BOILER SYSTEM REPLACEMENT

Bid File No. 2864
Bid Opening: October 30, 2008

| | BIDDER'S | TOTAL NET BID AMOUNT |
|---|---|---|
| 1. | TNT Industrial Contractors, Inc.<br>3600 51st Ave<br>Sacramento CA 95823 | $1,176,000.00 |
| 2. | American Incorporated<br>1345 N American St<br>Visalia CA 93291 | $1,222,000.00 |
| 3. | Carrier Corporation<br>2612 N Business Park Ste 101<br>Fresno CA 93727 | $1,230,734.00 |
| 4. | Bangar Contractors Corp.<br>3150 Fite Circle<br>Sacramento CA 95827 | $1,240,000.00 |
| 5. | Davis Moreno Construction, Inc.<br>4720 N Blythe Avenue<br>Fresno CA 93722 | $1,277,472.00 |
| 6. | Strategic Mechanical, Inc.<br>4661 E commerce Ave<br>Fresno CA 93725 | $1,285,587.00 |
| 7. | Performance Mechanical, Inc.<br>701 Willow Pass Rd, Suite #2<br>Pittsburg CA 94565 | $1,311,000.00 |
| 8. | Lyles Mechanical Co.<br>PO Box 4287<br>Fresno CA 93744 | $1,343,000.00 |
| 9. | HPS Mechanical, Inc.<br>3100 E Belle Terrace<br>Bakersfield CA 93307 | $1,346,991.00 |
| 10. | Patton Air Conditioning<br>272 N Palm Ave<br>Fresno CA 93701 | $1,633,906.00 |

Each bidder has agreed to allow the City sixty-two (62) days from date bids are opened to accept or reject their bid proposal. Purchasing requests that you complete the following sections and return this bid evaluation to the Purchasing Division at the latest by Wednesday, November 26, 2008, 5:00 P.M.

The Engineer's Estimate for this expenditure is $1,679,910.00. The contract price is 30.0 % below

**EVALUATION OF BID PROPOSALS**

FOR: FRESNO CONVENTION CENTER AND ENTERTAINMENT CENTER BOILER SYSTEM REPLACEMENT

Bid File No. 2864
Bid Opening: October 30, 2008

the Engineer's Estimate. If the overage is greater than 10% or only one bid was received, give explanation:

BACKGROUND OF PROJECT (To be completed by Evaluating Department/ Division. Explain need for project/equipment): The existing boiler system which is utilized to heat the Fresno Convention and Entertainment Center has been in service for approximately 43 years since the complex was built in 1965. Because of the age of the boilers, replacement parts are no longer available, and repairs do not provide for significantly extended use of the system. Replacement of the existing system will provide for a modern energy efficient heating system to heat the complex.

DEPARTMENT CONCLUSIONS AND RECOMMENDATION:

[X] Award a contract in the amount of $ 1,176,000.00 to TNT Industrial Contractors, Inc., of Sacramento, CA., as the lowest responsive and responsible bid.

Remarks:

[ ] Reject all bids. Reason:

Department Head Approval

Glen Bauman

Title: Assistant Public Works Director

Date 11/6/08

[ ] Approve Dept. Recommendation

[ ] Disapprove

[ ] See Attachment

[ ] Approve GSD/Purchasing Recommendation

[ ] Disapprove

GENERAL SERVICES DEPARTMENT

Jason B. MacDonald 11/6/2008
Purchasing Manager Date

11/7/08
Director Date

CITY MANAGER

11/17/08
City Manager or Designee Date

# FISCAL IMPACT STATEMENT

PROGRAM: New Heating Boiler System For Fresno
Convention & Entertainment Center
Project ID: CC00022
Fund: 30138
Org: 449901
Res. Code: BOILR
KRA: 0401005000

| RECOMMENDATION | TOTAL OR CURRENT | ANNUALIZED COST |
|---|---|---|
| Direct Cost | $ 1,176,000.00 | |
| Indirect Cost * | $ 139,742.00 | |
| TOTAL COST | $ 1,315,742.00 | |
| Additional Revenue or Savings Generated | | |
| Net City Cost | | |
| Amount Budgeted (If none budgeted, identify source) | $ 1,315,742.00 | |

- Indirect costs are comprised of the following:

| | |
|---|---|
| Project Management and Closeout | $5,100.00 |
| Permits | $2,500.00 |
| Laboratory Testing/Geotechnical Services | $7,000.00 |
| Construction Management & Inspection | $66,342.00 |
| Contract Contingencies | $58,800.00 |
| | $139,742.00 |