



DATE: July 20, 2020

TO: Mayor and Members of the City Council

VIA: Dante Hall, Interim City Manager

FROM: Norm Dorais, Public Works Director/City Engineer

SUBJECT: LEVEE PROTECTION PLANNING AND IMPROVEMENTS PROJECT
(CIP 301-657) – AWARD AGREEMENT FOR CONSTRUCTION TO
SHIMMICK CONSTRUCTION COMPANY, INC.

RECOMMENDATION

It is recommended that the City Council adopt the attached resolution authorizing:

1. The Mayor to sign and execute an agreement with Shimmick Construction Company, Inc. in the amount of \$60,218,000 for construction of the Levee Protection Planning and Improvements Project (CIP 301-657); and
2. Establish a construction contingency in the amount of \$9,000,000 with authorization given to the City Manager to execute contract change orders up to the contingency amount.

Funding will be provided by the budget established for the Levee Protection Planning and Improvements Project (CIP 301-657).

EXECUTIVE SUMMARY

Six (6) bids for construction of the Levee Protection Planning and Improvements Project (CIP 301-657) were received and opened on Tuesday, June 30, 2020. Shimmick Construction Company, Inc. submitted the apparent low base bid in the amount of \$60,218,000. Adequate funding is available in the project budget to fully fund construction.

BACKGROUND

At the May 4, 2020 Council Meeting, City Resolution No. 2020-41 approved the plans and specifications for the Levee Protection Planning and Improvements Project (CIP 301-657) and authorized the call for bids from all contractors prequalified to bid. There were 10 contractors that successfully completed the prequalification process. On the June 30 bid opening, six (6) bids were received and opened. The bids ranged from a low of \$60,218,000 to a high of \$69,398,000.

ANALYSIS

The bid results from the six (6) bidders (from low to high) are as follows:

Shimmick Construction	ProVen Management	Kiewit Infrastructure	Walsh Construction	Granite Rock	Teichert Const.
\$60,218,000	\$64,676,475	\$64,785,900	\$66,197,344	\$68,844,053	\$69,398,000

The apparent low bid submitted by Shimmick Construction Company, Inc. compares favorably with the designer's estimate.

On July 6, 2020, the City Council, authorized the issuance of bonds in the principal amount not to exceed \$90 million to fund the entire project. The following table provides a summary of the construction, contingency, and anticipated obligations for the completion of the project and the anticipated bond issuance:

Series 2020 Net Bond Proceeds	\$85,000,000
Total Sources of Funds	\$85,000,000
Low Construction Bid plus Contingency	\$70,000,000
Design, Permitting, Construction Management, Staffing Support, Outreach, and Misc. Expenses	\$15,000,000
Total Uses of Funds:	\$85,000,000

CURRENT PROJECT SCHEDULE

Bid Opening: June 30, 2020

Award of Contract: July 20, 2020

Contract Execution and Construction: August 2020 to August 2023

Project Substantial Completion: September 2023

Final Completion: December 2023

The construction project schedule contains three milestone durations:

- Flood Protection Improvements - 1,000 calendar days (~33 months);
- Substantial Completion - 1,100 calendar days (~36 months); and
- Final Completion - 1,200 calendar days (~39 months).

FISCAL IMPACT

Adequate funding is available in the budget for the Levee Protection Planning and Improvements Project (CIP 301-657). On June 5, 2018, 80.6 percent of Foster City voters approved the sale of general obligation bonds in the amount of \$90 million to fund the Levee Project. It is anticipated that project expenses, including the costs already incurred as well as projected expenses will total \$85 million dollars. Based on this estimate, staff conducted ratings presentations calls with representatives of S&P and Moody's on July 7, 2020 seeking a credit rating for the issuance of \$85 million in General Obligation Bonds (Series 2020 G.O. Bonds).

On July 13, 2020, the City received a credit rating of AA+ from S&P for our planned sale of G.O. Bonds. The AA+ rating is just one level below S&P's highest rating of AAA. A Moody's credit rating is expected on July 15, 2020. If the municipal bond market remains stable over the course of the next few weeks, City staff expects favorable pricing when the City sells its Series 2020 G.O. Bonds later this month.

Attachments:

- Attachment 1 - Resolution
- Attachment 2 - Agreement
- Attachment 3 - Bid Submittal