



CITY OF LODI

PUBLIC WORKS DEPARTMENT

COUNCIL COMMUNICATION

TO:	City Council	Project Data	Budgeted Fund:	Hutchins Street Square Fund
FROM:	City Manager	Total Project Estimate:	\$3,032,000	
MEETING DATE:	February 1, 1989	Bid Opening Date:	1/25/89	
AGENDA TITLE:	Award Contract for Hutchins Street Square Senior Complex, 600 West Oak Street			

RECOMMENDED ACTION: That the City Council consider the award of the contract for Hutchins Street Square Senior Complex to F&H Construction and appropriation of additional funds.

BACKGROUND INFORMATION: This project consists of renovation of the old Boys' and Girls' Gymnasiums and swimming pool into a Senior Complex that fits into the master plan of the Community Center.

The City of Lodi is the recipient of a \$2.6 million gift from the estate of William G. Holz, a local industrialist. On August 31, 1988, \$2 million was received; the final payment of \$632,000 was received on January 24, 1989. The will specified the monies be used to provide a senior facility.

Morris and Wenell Architects and Planners, Inc. has designed a large multipurpose room, indoor swimming pool, senior information and referral center, senior day-care facility, and parking facilities. The City is currently negotiating a contract with Lodi Memorial Hospital to operate a senior day-care facility for 30 clients in one portion of the new Senior Complex.

The overall plan includes, but funds are not available at this time to provide, the following amenities: landscaping, a walled garden area next to the day care center, an outdoor patio for the multipurpose room, additional parking facilities, and outdoor trellises.

The City received two independent estimates on construction costs for this facility:

Larry E. Hultgren Co.	\$2,618,354
Lee Saylor & Associates	\$2,659,340

Construction is estimated to take 10 months and, if begun in February 1989, then should be ready for occupancy by January 1990.

APPROVED:

THOMAS A. PETERSON, City Manager

FILE NO.

Bids were opened on January 25 with the following results:

<u>Bidder</u>	F&H Construction	Mark Diversified	Bray & Sons
<u>Location</u>	Stockton	Sacramento	Modesto
<u>Base Bid</u>	\$2,643,700	\$2,758,000	\$2,935,000
<u>Alt. 1</u> - Delete metal roof and install composition shingles	-\$9,500.00	-\$2,405.00	+\$2,400.00
<u>Alt. 2</u> - Substitute wood floor	+\$5,000.00	-0-	-0-
<u>Alt. 3</u> - Delete tile wainscot in pool area	-\$9,980.00	-\$9,980.00	-\$12,000.00
<u>Alt. 4</u> - Delete signage	-\$750.00	+\$1,000.00	-\$700.00
<u>Alt. 5</u> - Reduce size of skylight	-\$21,204.00	-\$15,000.00	+\$2,800.00
<u>Alt. 6</u> - Delete concrete slab in storage room	-\$3,000.00	+\$3,300.00	-\$2,200.00
<u>Alt. 7</u> - Add 60 days to contract time	-0-	-0-	+\$15,000.00
<u>Alt. 8</u> - Delete partial completion requirements and \$20,000 penalty clause for certain rooms	-\$10,000.00	-0-	-\$20,000.00

Based on the value to the City in the long-term operation and maintenance costs compared to the amount of the bid alternate, staff recommends Alternates 1, 2, 3, 4, 6 and 7 not be awarded. A presentation on Alternates 5 and 8 will be presented at the Council meeting.

The total project cost is estimated as follows:

Construction (Base Bid)	\$2,644,000
Architectural Design Fees	184,000
Inspection (Architect + City Inspector + Special Testing)	85,000
Sidewalk on Rose & Oak*	13,000
Miscellaneous Items	6,000
Contingencies	100,000
	<u>\$3,032,000</u>

*Council may want to waive this SPARC requirement as well as the landscaping requirement at this time.

City Council
Senior Complex
February 1, 1989
Page 3

Available funding in the Hutchins Street Square Fund is as follows:

Holz Bequest	\$2,632,000
Interest thru December 1988	40,000
Anticipated Interest thru Contract	<u>60,000</u>
Total	\$2,732,000

The amount of additional funding necessary is \$300,000. Availability of additional funding will also be discussed at the Council meeting.



Jack L. Ronsko
Public Works Director

JLR/RCP/mt

cc: Finance Director
Purchasing Officer
Community Center Director

MEMORANDUM

TO: Tom Peterson, City Manager
FROM: Charlene Lange, Community Center Director
DATE: January 29, 1989
SUBJECT: SENIOR COMPLEX

Preliminary estimates on maintenance and operation for the new Senior Complex would include:

Contract Janitorial Services	\$ 8,400
Pool (chemicals, heat, service)	19,680
Building HVAC costs	10,000
Maintenance	<u>5,000</u>
	\$43,080

Supplemental Staff for Total Square Operation

Maintenance III	\$26,000
Part-time Senior Programmer	<u>12,000</u>
	\$38,000

Programming Opportunities

The primary goal of the Senior Complex is to provide activities and services for the seniors in Lodi. Secondary goal is to utilize the facility to its utmost potential including all ages of Lodi citizens.

Typical Classes and Services

Water Aerobics

Senior Rehabilitation

Health Maintenance Programs (could include a variety of private employee groups)

Community Swim

Recreation Team Swim Programs

All types of indoor gymnasium sports -- volleyball, shuffleboard, dance, aerobics, senior stretch.

Social Dancing

Private Party Rentals

Information and Referral Center

Facility Considerations:

The closure of the Hale Park facility two years ago and the impact of year round schools in the Lodi area leaves the City with very few options for program use space.

**City of Lodi
Senior Center Project
Financing Options
January 31, 1989**

A. Tax-Exempt Financing

Jones Hall Hill & White ruled yesterday that no tax-exempt financing can be done that in any way replaces the \$2.5 million Holz endowment.

B. Taxable/Tax-Exempt Combination Options

1. Use \$2.5 million endowment to buy portfolio of 30-year Treasuries and use interest earnings as sole security for a taxable City COP issue. Short fall would be covered by a City tax-exempt COP issue (general fund as security) with annual net lease payments covered by Foundation donations. Terms are as follows:

	<u>Taxable COP Issue</u>	<u>Tax-Exempt COP Issue</u>	<u>Total</u>
Length	30 years	30 years	30 years
Rating	AAA	AAA	AAA
Project Cost	\$1,900,000	\$900,000	\$2,800,000
Interest Rate	10%	7.25%	9.12%
Average Net Debt Service	\$217,600	\$84,200	\$301,800
Timing of Sale	2/21/89	2/21/89	2/21/89

Advantage of this approach is that at the end of 30 years, when the taxable COP issue is retired, the \$2.5 million would revert to the City. Also, during the 30-year period, if 30-year Treasury interest rates drop, the portfolio will go up in value and the City could realize the \$2.5 million earlier.

2. Use \$2.5 million endowment to pay construction and cover short fall with a tax-exempt City COP issue secured by the general fund with the net annual lease payments covered by Foundation donations. Terms are as follows:

	<u>Tax-Exempt COP Issue</u>
Length	30 years
Rating	AAA
Project Cost (Short Fall)	\$300,000 (\$2.8 million less \$2.5 million)
Interest Rate	7.25%
Average Net Debt Service	\$30,900
Timing of Sale	2/21/89

This approach will use up the Holz endowment during the 12-months of construction.

HUTCHINS STREET SQUARE
 SENIOR COMPLEX
 FUNDING

\$2.5 million portfolio of U.S. Treasury Securities
 @ 9.0% annual yield \$225,000

Annual debt service			
Taxable COP Issue	-	\$217,600	
Tax-Exempt COP Issue	-	84,200	301,800
Shortfall			<u>[\$ 76,800]</u>

Shortfall Funding		
Old L.U.H.S. Site Foundation		\$ 50,000
City of Lodi (General Fund)		26,800
		<u>\$ 76,800</u>

RESOLUTION NO. 89-16

A RESOLUTION OF THE LODI CITY COUNCIL
AWARDING THE CONTRACT FOR HUTCHINS STREET SQUARE SENIOR COMPLEX,
600 WEST OAK STREET, LODI

WHEREAS, in answer to notice duly published in accordance with law and the order of this City Council, sealed bids were received and publicly opened on January 25, 1989 at 3:00 p. m. for the contract for Hutchins Street Square Senior Complex, 600 West Oak Street, Lodi, described in the specifications therefor approved by the City Council on December 21, 1988; and

WHEREAS, the City received two independent estimates on construction costs for this facility:

Larry E. Hultgren Co.	\$2,618,354
Lee Saylor & Associates	\$2,659,340

WHEREAS, said bids have been compared, checked, and tabulated and a report thereof filed with the City Manager as follows:

<u>Bidder</u>	F&H Construction	Mark Diversified	Bray & Sons
<u>Location</u>	Stockton	Sacramento	Modesto
<u>Base Bid</u>	\$2,643,700	\$2,758,000	\$2,935,000
<u>Alt. 1</u> - Delete metal roof and install composition shingles	-\$9,500.00	-\$2,405.00	+\$2,400.00
<u>Alt. 2</u> - Substitute wood floor	+\$5,000.00	-0-	-0-
<u>Alt. 3</u> - Delete tile wainscot in pool area	-\$9,980.00	-\$9,980.00	-\$12,000.00
<u>Alt. 4</u> - Delete signage	-\$750.00	-\$1,000.00	-\$700.00
<u>Alt. 5</u> - Reduce size of skylight	-\$21,204.00	-\$15,000.00	+\$2,800.00
<u>Alt. 6</u> - Delete concrete slab in storage room	-\$3,000.00	+\$3,300.00	-\$2,200.00
<u>Alt. 7</u> - Add 60 days to contract time	-0-	-0-	+\$15,000.00
<u>Alt. 8</u> - Delete partial completion requirements and \$20,000 penalty clause for certain rooms	-\$10,000.00	-0-	-\$20,000.00

and;

WHEREAS, based on the value to the City in the long-term operation and maintenance costs compared to the amount of the bid alternate, staff recommends Alternates 1, 2, 3, 4, 6 and 7 not be awarded; and

WHEREAS, The total project cost is estimated as follows:

Construction (Base Bid)	\$2,644,000
Architectural Design Fees	184,000
Inspection (Architect + City Inspector + Special Testing)	85,000
Sidewalk on Rose & Oak	13,000
Miscellaneous Items	6,000
Contingencies	100,000
	<u>\$3,032,000</u>

and;

WHEREAS, available funding in the Hutchins Street Square Fund is as follows:

Holz Bequest	\$2,632,000
Interest thru December 1988	40,000
Anticipated Interest thru Contract	<u>60,000</u>
Total	\$2,732,000

and;

WHEREAS, the amount of additional funding required is \$300,000; and

WHEREAS, the members of the Old Lodi Union High School Site Foundation have offered to execute a promissory note for up to \$300,000 to guarantee such additional funding; and

WHEREAS, the City Council waives fees for inspection (architect, city inspector and special testing) associated with the project; and

WHEREAS, the City Manager recommends that award of the contract for Hutchins Street Square Senior Complex be made to F & H Construction;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lodi that award of contract for Hutchins Street Square Senior Complex be and the same is hereby awarded to F & H Construction; and

BE IT FURTHER RESOLVED, that the appropriation of additional funding in the amount of \$300,000 is hereby approved based on the commitment of the Old Lodi Union High School Site Foundation.

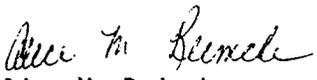
Dated: February 1, 1989

I hereby certify that Resolution No. 89-16 was passed and adopted by the City Council of the City of Lodi in a regular meeting held February 1, 1989 by the following vote:

Ayes: Council Members - Hinchman, Olson, Reid, Snider and Pinkerton (Mayor)

Noes: Council Members - None

Absent: Council Members - None


Alice M. Reimche
City Clerk