

SWEETWATER AUTHORITY

Engineering and Operations Committee
January 13, 2025



Consideration to Award a Contract for the Construction of the Bonita Valley Reservoir Control Building Roof Replacement to JNH Construction, Inc.

RECOMMENDATION

Staff recommends that the Governing Board award a contract for the construction of the Bonita Valley Reservoir Control Building Roof Replacement Project to JNH Construction, Inc. of Oceanside, CA, for an amount of \$295,840; and allocate additional budget funds to the Project in the amount of \$93,773 from the completed 16-inch San Miguel Pipeline Construction Project Fund and \$64,667 from the Street Improvement Fund.

OVERVIEW

The Bonita Valley Reservoir Control Building built in 1986, and houses ancillary facilities related to the reservoir (e.g., piping, valves) and the Bonita Valley Pump Station, is a concrete masonry block building with a wood frame and clay tile roofing system. During the process of planning the replacement of the roof's fascia boards, a close inspection of the entire roof system revealed that large portions of the roof have undergone significant decay, rendering the proposed replacement of fascia boards unfeasible due to the lack of a competent roofing structure. The project scope includes the removal and replacement of existing roof tiles and wood members damaged, and the painting of all metal, wood, and stucco surfaces of the building. See Attachments 1 and 2 for the Bonita Valley Reservoir Control Building Roof Replacement (Project) location and photos of existing conditions, respectively.

Advertisement and Bids

Upon completion of Contract Documents, the Project was advertised for bids on November 1, 2024, through PlanetBids, Star News, and the Authority's website. Bids were due on November 22, 2024. Two bids were submitted to the Authority, as listed below, and were compared to the Project's estimate of \$150,000:

<u>BIDDING CONTRACTOR</u>	<u>BID AMOUNT</u>
JNH Construction, Inc.	\$ 295,840
Schott Roofing, Inc.	\$ 302,174

The received bids exceeded both the engineer's construction estimate and the project's allocated budget of \$150,000, primarily due to escalating material costs and increased labor expenses influenced by prevailing wage adjustments and market conditions. These elements have collectively driven up the overall pricing structure.

Upon further review and discussions with the bidding contractors, several key concerns were highlighted:

1. **Roof Structure Un-Assessed Dry Rot and Water Damage:** The true extent of dry rot and water damage will only be revealed once the roofing system is removed. Without a clearly defined scope, contractors cannot effectively utilize economies of scale, potentially resulting in bids that account for the worst-case scenario. Additionally, lumber prices, which were highly volatile in 2022, have begun rising again after some stabilization, influencing bid amounts.

Consideration to Award a Contract for the Construction of the Bonita Valley Reservoir Control Building Roof Replacement to JNH Construction, Inc.

Page 2

2. Clay Tile Rarity: The project requires the replacement of damaged clay tiles only. The existing tiles are fragile and increasingly rare, which may lead to higher costs for replacements due to expected damage during removal and handling. The scarcity and handling challenges could have been factored into the pricing.

This pattern of receiving bids higher than estimates has been observed in other projects recently advertised for construction and has also been seen on recent projects from nearby public agencies.

To address the issue on other projects, it is critical to closely monitor market conditions, frequently update material and labor costs, and include larger contingency budgets if the project includes potential risks for unforeseen conditions. Regularly adjusting estimates and plans as new information arises will help align final costs closely with the budget.

Given these circumstances and the consistency among the submitted bids, the lowest bid represents a fair market value. JNH Construction, Inc. submitted the lowest, responsive, responsible bid, has a Class B general building contractor's license in good standing, and has completed construction projects of similar scope. Staff determined that JNH Construction, Inc. meets the requirements to be awarded the Project. A Bid Tabulation is included as Attachment 3.

Per the Contract Documents, the contractor will be allocated 35 working days for the completion of the Project, which includes time for materials procurement.

Environmental Considerations

Staff has determined that the scope of work for this Project qualifies for a California Environmental Quality Act Notice of Exemption (NOE) as it creates less-than-significant impacts on nearby environmental resources. Upon the Board's approval of this item, staff will file the NOE for this Project with the County of San Diego.

FISCAL IMPACT

The FY 2024-25 Budget allocation for the Capital Investment Bonita Valley Reservoir Control Building Roof Replacement Project is \$150,000. The Project budget requires an additional \$158,440 in funding, and staff requests this additional amount be transferred from available funds from the completed 16-inch San Miguel Pipeline Construction Project and from available funds in the general Street Improvement Project budget. The Street Improvement Fund has a current balance of \$399,897 after considering encumbrances for projects. This Fund will have a budget surplus by end of the FY, anticipated to be in excess of \$200,000, even after the transfer of funds to the subject Project.

Bonita Valley Reservoir Control Building Roof Replacement (20194018)	
Total project budget	\$150,000
Requested transfer from San Miguel Pipeline Construction Project (20244011) ¹⁾	93,773
Requested transfer from Street Improvement Project (20254007) ²⁾	<u>64,667</u>
Available Project balance:	\$308,440

Consideration to Award a Contract for the Construction of the Bonita Valley Reservoir Control Building Roof Replacement to JNH Construction, Inc.

Less project costs:	
Construction contract amount ³⁾	<295,840>
Construction Management and Inspection ⁴⁾	<u><12,600></u>
Project budget balance	\$0
<p>1) Project 20244011 has been completed and has \$93,773 leftover in funds.</p> <p>2) Current balance of \$399,897 after encumbrances for projects in this Fund. Anticipated budget surplus in excess of \$200,000 by end of FY.</p> <p>3) Lowest responsive and responsible bid by JNH Construction, Inc.</p> <p>4) Performed by Project Professionals Corporation (PPC) under a previously Board approved on-call construction management and inspection contract.</p>	

Staff does not anticipate needing a contingency allocation for the Project because it includes bid items with built-in conservancy, such as but not limited to the quantity of wood needing removal and replacement. Because the exact quantity of rotten wood needing removal and replacement will not be known until the roof tiles are removed, the Project assumes that all wood needs removal and replacement. If not all of the wood needs to be removed and replaced, or other bid items are not needed in its entirety, then a change order can be processed to remove items or quantities from the Project.

OPTIONS

1. Award a contract for the construction of the Bonita Valley Reservoir Control Building Roof Replacement Project to JNH Construction, Inc. of Oceanside, CA for an amount of \$295,840; and allocate additional funds to the project budget in the amount of \$93,773 from the completed 16-inch San Miguel Pipeline Construction Project Fund and \$64,667 from the Street Improvement Fund.
2. Reject all bids and re-advertise the Project once additional funding for the Project is secured.
3. Other direction as determined by the Governing Board.

Staff Contact:

Carlos Quintero, General Manager

Roberto Yano, Assistant General Manager

Erick Del Bosque, Director of Engineering and Operations

Kay Kim, Engineering Manager

Consideration to Award a Contract for the Construction of the Bonita Valley Reservoir Control Building Roof Replacement to JNH Construction, Inc.

SUPPORTING INFORMATION

Attachments

1. Site Location
2. Photos of Existing Conditions
3. Bid Summary
4. Staff Presentation

Strategic Plan

Strategic Plan Goal 2: System and Water Supply Reliability (SR) – Achieve an uninterrupted, long-term water supply through investment, maintenance, innovation and developing local water resources.

- Objective SR2: Cost-effectively maintain facilities and infrastructure to optimize their useful life and performance.
 - o Task 007.00: Replace all necessary wooden panels for the roof of the Bonita Valley Reservoir Control Building.

Past Board Actions

June 12, 2024	The Board approved the FY 2024-25 Strategic Plan Detailed Work Plan as presented.
June 8, 2022	The Board adopted Resolution 22-04, approving the Budget for FY 2022-23. The Board approved the FY 2022-23 Strategic Plan Detailed Work Plan as presented.
June 9, 2021	The Board adopted Resolution 21-14, approving the Budget for FY 2021-22. The Board approved the FY 2021-22 Strategic Plan Detailed Work Plan as presented.
June 27, 2018	The Board approved the FY 2018-19 Strategic Plan Detailed Work Plan as presented.
June 13, 2018	The Board adopted Resolution 18-12, approving the Budget for FY 2018-19.