



CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL

AGENDA ITEM

Report: Amendment to Construction Contract for Beeline Maintenance Facility for Photovoltaic System Addition

1. Motion Amending the Contract (C106607) with Dorado Design and Construction, Inc., adding an additional amount of \$550,438.56 for the installation of a 135,000-watt roof-top photovoltaic system and authorizing the City Manager to execute the necessary contract change order.
2. Resolution Authorizing Reduction of Retention withheld from Dorado Design and Construction, Inc., for the construction of the Beeline Maintenance Facility.

COUNCIL ACTION

Item Type: Action Item

Approved for _____ **March 9, 2021** _____ **calendar**

ADMINISTRATIVE ACTION

Submitted by:

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Prepared by:

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Reviewed by:

Michele Flynn, Director of Finance

Michael J. Garcia, City Attorney

Approved by:

Roubik R. Golanian, P.E., Interim City Manager

RECOMMENDATION

Staff respectfully recommends that the City Council approve the Motion amending the contract with Dorado Design and Construction, Inc. to add roof-top photovoltaic panels, for an amount not-to-exceed \$550,438.56. Staff further recommends that the City Council approve the Resolution to reduce the amount of Retention withheld from Dorado Design and Construction, Inc.

BACKGROUND/ANALYSIS

On January 27, 2017, the City Council authorized the Director of Public Works to negotiate a design-build contract with two firms that submitted proposals for the Beeline Maintenance Facility project. On October 3, 2017, the City executed a contract with Dorado Design and Construction, Inc., (Dorado) in the amount of \$14,100,000. Dorado began the design phase of work on October 17, 2017 and began the construction phase on April 16, 2018. On March 16, 2020 the new Beeline Maintenance Facility reached substantial completion. On January 19, 2021, the City Council authorized a contract amendment totaling \$145,827 for owner furnished items such additional security cameras, intercom locations and outlets as well as general conditions such as security guard services and temporary restroom rentals. The Beeline Maintenance Facility is now successfully in full operation.

Proposed Dorado Amendment

Photovoltaic (PV) Panels

The new Beeline Maintenance Facility building has been designed for and some infrastructure installed to accommodate the installation of rooftop PV panels. In 2017, the original design-build proposals included an Add Alternate bid item for the installation of a 60 kilowatt roof-top PV system. This item was not selected at the time of award to ensure the project budget had adequate funding to achieve completion. Now that the facility is essentially finished, staff is respectfully requesting an additional amount of \$550,438.56 to be added to the Dorado contract for the installation of a 135 kilowatt PV system; this system will maximize the use of the roof-top portions of the new building and provide the maximum amount of solar energy for the facility. The system is expected to provide about 65 percent of the Facility's annual electrical demand and reduce the annual electric cost by an estimated \$84,000, yielding an approximate 6.5-year return on investment (ROI).

Public Works staff has reached out to several agencies that have recently completed similar projects such as Golden Empire Transit (GET) and Sunline Transit Agency (Sunline) to compare the costs of these photovoltaic systems. The cost provided for the GET system was \$3.22 per watt (258,000 watts) and does not include design costs and contractor fees. The cost provided for the Sunline system was \$3.64 per watt (165,000 watts) and does not include design, infrastructure, and contractor fees. The "all-in" cost for the Beeline system is \$4.07 per watt (135,000 watts) which includes these additional services for a smaller overall system.

With all associated costs included, staff believes the bid for the Beeline Maintenance Facility PV system is either equal to or more favorable than the GET and Sunline PV systems. This is based on the wider scope of services covered in the Beeline

Maintenance Facility bid, the methods of procurement and system types. There are also economies of scale that are realized by the larger systems.

The 60,000-watt system initially bid as an Add Alternate item by Dorado was competitively priced in 2017 for \$4.80 per watt (the competing bid was at \$5.20 per watt). Due to the increased size of the system and the decrease in solar panel costs, the cost per watt has now come down by more than 15 percent.

The Beeline project funding was provided by Federal and local transit funds. As a condition to utilizing the Federal Funds there is a 'buy America' requirement for all large expenses such as the proposed PV system. While Made in USA solar panel systems provide excellent quality, they do come at a higher cost compared to the mass produced and possibly lower quality imported panels.

Based upon the research staff has completed and a thorough evaluation of the Dorado bid, staff determined the \$4.07 per watt cost is similar to the costs experienced by other agencies for PV installations. The cost and effort to design and engineer a system for new bidding purposes and to complete a separate bidding process would most likely outweigh any savings that may come from a low bid, and would also delay the savings that will be realized by the system once completed. In addition, there are advantages to having the facility's design/build contractor continue to manage the structural and electrical development of the building including all documentation and warranty.

It is anticipated that the design, permitting, procurement, and installation of the 135kw PV system will take approximately six months to complete.

Reduction in Retention

Public Contract Code Section 9203(a) requires public agencies to withhold not less than 5% of construction contracts over \$5,000 until final completion and acceptance of the project. Section 9203(a) further provides that any time after 50% of the work has been completed, if the legislative body finds that satisfactory progress is being made, it may make any of the remaining progress payments in full for actual work completed.

The City is currently withholding \$735,503.54 in retention. The Beeline Facility is complete with the exception of the change order for the owner furnished items and the proposed photovoltaic system work. Dorado has requested a reduction from the 5% retention being withheld. Pursuant to Public Contract Code 9203(a), at this time it is recommended that the City Council confirms that Dorado has made satisfactory progress to warrant a retention reduction from 5% to 2.5%, or from \$735,503.54 to \$367,751.77, and for any remaining progress payments to be made in full for actual work completed.

FISCAL IMPACT

Funding for the contract amendment is available in the approved FY 20-21 budget in the following account:

Dorado Amendment	52100-2540-PWD-0020-P0000-T0000-F0000-0000- 0000 G51877-CONSTRUCT-0000-2540	\$550,438.56
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ALTERNATIVES

Alternative 1: Approve the attached Motion amending the contract with Dorado, adding \$550,438.56 to the amount for a 135kw photovoltaic system to reduce the annual electric cost of the facility by about 65% annually and approve the attached Resolution authorizing reduction of retention withheld from Dorado Design and Construction, Inc., for the construction of the Beeline Maintenance Facility.

Alternative 2: The City Council may elect to not approve the contract Amendment with Dorado, which would delay the photovoltaic system portion of the Beeline Maintenance Facility project.

Alternative 3: The City Council may elect any other alternative not proposed by staff.

EXHIBITS

Not Applicable.