



DEPARTMENT OF
GENERAL SERVICES

CITY OF SACRAMENTO
CALIFORNIA

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September 21, 2004

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: VARIOUS PROJECT CONSTRUCTION UPDATES

LOCATION AND COUNCIL DISTRICT:

Fire Station 30 – 1901 Club Center Drive – Council District 1
Parking Structures Repair and Maintenance – Downtown Garages – Council District 1
ADA Boardwalk – Old Sacramento – Council District 1
Fire Station 20 – 2512 Rio Linda Boulevard – Council District 2
Fire Station 5 – 731 Broadway – Council District 4
Evelyn Moore Community Center Drinking Fountain – 1420 Dickson St – Council District 4
Oak Park Community Center – 3425 Martin Luther King, Jr. Boulevard – Council District 5
911 Dispatch and Training Facility – 7399 San Joaquin Avenue – Council District 6
Meadowview Service Center Projects – 2800 Meadowview Road – Council District 8
Pannell Parking Lot – 2450 Meadowview Road – Council District 8

(See Location Map - Attachment A)

RECOMMENDATION:

This report is for information only.

CONTACT PERSONS: Bob Williamson, Supervising Architect, 808-8430
Gene Moore, Facility and Property General Manager, 433-6319

FOR COUNCIL MEETING OF: November 30, 2004

SUMMARY:

The purpose of this report is to provide City Council with an update on the progress of construction for various projects within the Department of General Services.

COMMITTEE/COMMISSION ACTION: None.

BACKGROUND:

Since the last report on April 13, 2004, many projects have been completed, many are still in the construction phase, and new projects are ready to begin construction.

Recently completed projects include:

- Tenant improvements and ADA work at Fire Station 4.
- Remodeling, addition of a new weight room, and upgrading mechanical and electrical systems at Oak Park Community Center.
- New HVAC and tenant improvement work at the Shepherd Garden and Arts Center.
- New parking lot at the Pannell Community Center.
- ADA remediation of Bing Maloney Golf Course Restroom.
- Maintenance installation of a drinking fountain at Evelyn Moore Community Center.
- Maintenance repair and tenant improvements at the former Office of Emergency Services (OES) building at the Meadowview City Service Center for the Code Enforcement office.

Projects currently under construction include:

- Fire Station 5 at 7th and Broadway.
- Fire Station 20 in North Sacramento.
- Fire Station 30 in North Natomas.
- 911 Dispatch and Training Facility at Tahoe Park East.
- City Hall Expansion in downtown Sacramento.
- Parking Structures Repair and Maintenance in downtown Sacramento.
- ADA Boardwalk upgrade project in Old Sacramento.

Projects that just started construction include:

- Mims-Hagginwood Community Center Expansion.
- Waterproofing remediation at the Public Safety building.
- Remodel of Office spaces at North Area Corp Yard (NACY).
- Information Technology Department Expansion – Remodel.

Projects that are about to begin construction include:

- Covered Cart Charging Area at Land Park Golf Course.
- Extension of the Meadowview Service Center fence to the Job Corp's property.
- ADA remediation work at Robertson Community Center.
- ADA remediation work at Discovery Museum.
- ADA remediation work at Museum Science Center.
- Occupancy Sensor (lighting control) Retrofit within various existing buildings.

The construction value of this work is in excess of \$100,000,000, and most projects are progressing well. However, there has been schedule slippage with the three fire stations. All three buildings are a combination of wood framing, concrete block, plaster, and stone/brick construction, and all three utilize skilled labor that is in extremely high demand in the housing sector of the construction industry. Fire Station 5 at 731 Broadway has experienced the greatest

City Council
Various Project Construction Updates
September 21, 2004

slippage. The current completion for Fire Station 5 is anticipated to be in January 2005. One contractor is constructing both Fire Stations 20 and 30 with Fire Station 20 anticipated for completion in February 2005 and Fire Station 30 anticipated for completion in January 2005.

The construction industry volume of work in Northern California remains very high, and the availability and cost of materials, as well as skilled labor, continues to cause construction shortages and delays. Sierra West provides periodic updates on market conditions and their latest Memorandum, dated September 1, 2004, is enclosed as Attachment B.

FINANCIAL CONSIDERATIONS:

All projects are within their approved budgets.

ENVIRONMENTAL CONSIDERATIONS:

The Environmental Impact Report (EIR) documentation for the projects is complete.

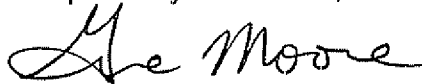
POLICY CONSIDERATIONS:

The action requested herein is consistent with Sacramento City Code, Title 3 and with the City of Sacramento's Strategic Plan goal of promoting and supporting economic vitality.

ESBD CONSIDERATIONS:

Construction services were procured in accordance with established City ESBD procedures. Plans and specifications for all subcontracts were sent to ESBE firms. Staff actively recruited available ESBE firms to participate. Construction solicitations for these projects were also announced on the Project Information Line and on the City's Internet site at www.cityofsacramento.org/bids.

Respectfully submitted,



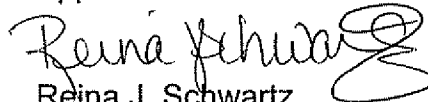
Gene Moore
Facility and Property General Manager

FOR CITY COUNCIL INFORMATION:



ROBERT P. THOMAS
City Manager

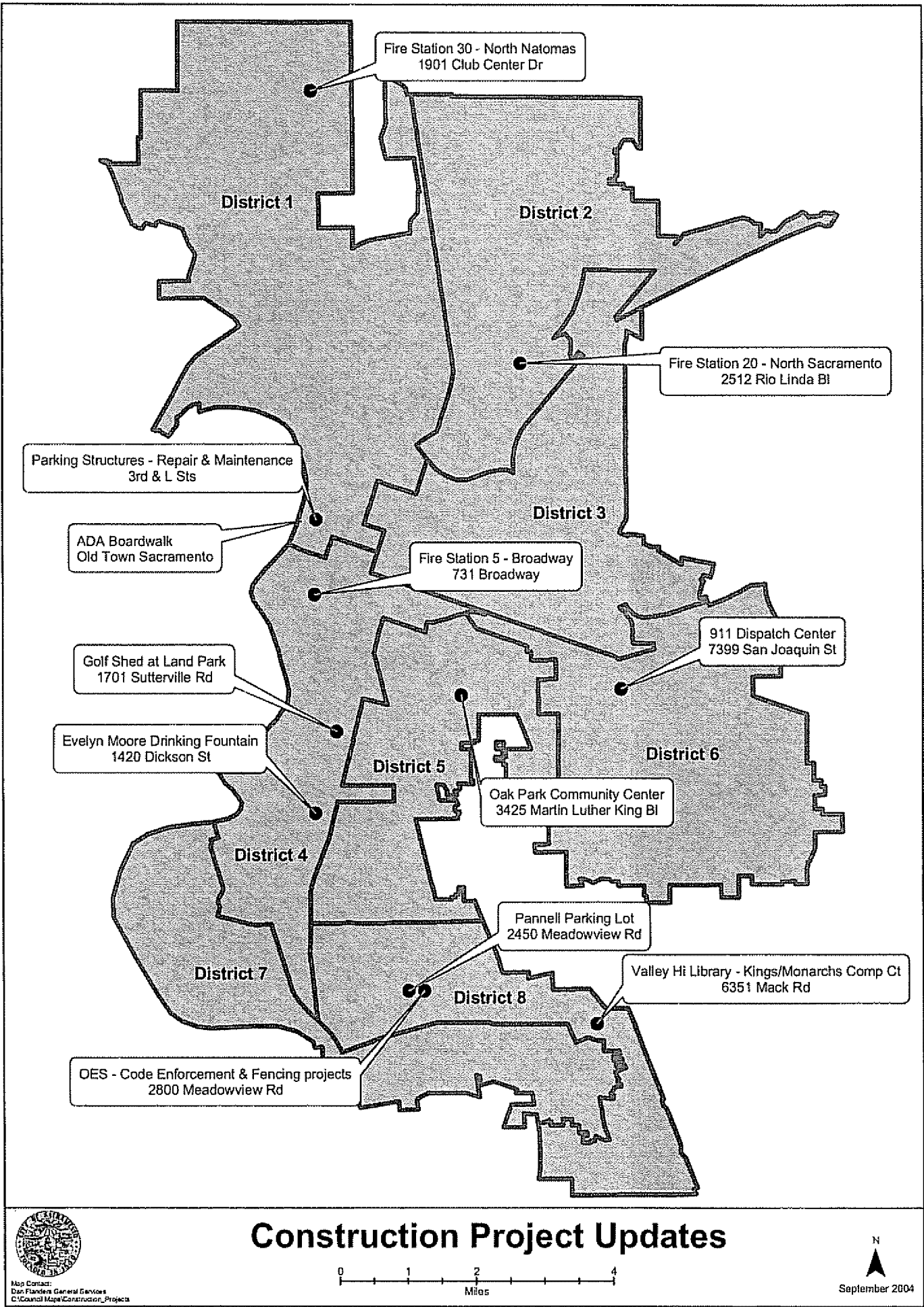
Approved:

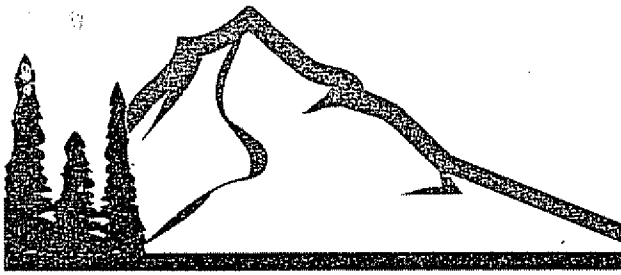


Reina J. Schwartz
Director, Department of General Services

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Sierra West Group

Program Management & Construction Consulting

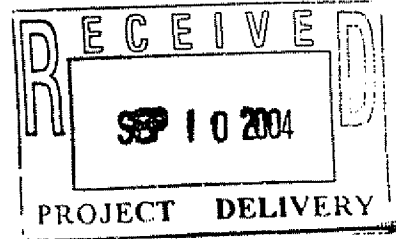
Mary E. Wallers
Morris Tom Gee
John L. Moreno
Clarence T. Wallers

September 1, 2004

MEMORANDUM

Re: *Update to Current Bid Climate*

To Our Valued Clients and Friends



We would like to take this opportunity to keep you updated in the current market volatility. Contrary to government economists, California has been in an extraordinary inflationary period in construction in the past 12 months. Construction costs are still rising, not at the same rate we saw the first half of this year, but increasing at a more measured pace.

Escalation:

"Supply and Demand" - is alive and well. We have found the predominant issue in the rise in construction costs is still the number of projects being bid in California, which does has started to show some slowing, but is still very high.

In the McGraw Hill database for Northern California (48 Counties) the second quarter of 2004 shows over 500+ projects over \$10,000,000 in Northern California. These projects are in pre-planning through construction. Of these projects, there are 214 new projects in pre-planning with construction budgets over \$5,000,000. These projects represent various types of projects, i.e. commercial, medical, leisure, educational, retail, public and industrial.

To really bring this into focus, consider the number of projects in the period January 2003 to Jun 2003 was 185; in Jul 2003 to Dec 2003, the number of projects over \$5 Million was 235 – The entire year 2003 was equal to the first quarter of 2004.

Escalation:

We have prepared a matrix indicating the recent effect of steel escalation, by trade, to give you a better understanding of what has happened. The matrix takes the increases and extrapolates these into total building costs to give a sense of the impact this situation is having on current projects.

In addition to materials, other factors are present in the market and are continuing to affect the overall costs.

Memorandum
 September 1, 2004
 Page Two

Factors, other than materials: To reiterate what we already know

- Labor costs have increased since the first of the year with the new labor contracts that have been negotiated.
- Skilled labor is still a problem. The Sacramento Regional Research Institute (SRRI) shows a modest gain of 31,900 new jobs in construction in 2003-2004. The journeymen levels in the trades have not grown according to membership reports for the local unions.
- The worker's compensation insurance issue has not went away, while a drop in rates was anticipated, they were not the cuts promised, and only a few contractors have seen these adjustments. Workmen's compensation insurance that had seen increases of 30+percentage per year for several years and was given a 7% decrease and then a 3 ½% increase by CIRB for additional regulations added by the legislature.
- In addition to the worker's compensation problems, contractor's bonding and liability insurance has rising dramatically, almost doubling for some small contractors.
- Delivery of materials and supplies are still going up with the ever-increasing fuel and energy costs.--and predicted to go to \$3.00 per gallon with the next year.

LSI Index 6/30/04 – (formerly known as the Lee Saylor Index) – is showing a dramatic increase in material pricing nationwide, not just in California. However, the dramatic escalations in overall in-place building costs are primarily shown in California. Building indexes are to furnish a yardstick for measuring the historical fluctuations in construction costs – not a "glass ball" to tell us the future.

Basic materials have increased from January 2004 with an overall average price increase of 8%. We have seen shortages along with price increases in several key construction materials since the first of the year.

- Steel, structural steel, rebar, pipe, etc. – Up 30% - delays to 90 days – *Steel prices are still rising at the rate of 5% per month.*
- Copper piping and copper wire – Up 10% - 15%- *are up another 15% since May 2004.*
- Metal studs – *Up 65by May 2004, are expected to rises additionally 5% each month until December -- Delays to 6 weeks*
(Raw materials on the commodities market are high and not showing a decrease, which in turn will keep the metal prices up.)
- Concrete – delays to 30 days – *demand high, shortages, and 15 – 20% price increases – no allotment guarantees on projects over 24 months out.*
- Lumber – *Starting to soften, but up 25% in in-place prices.*
- *With diesel and gasoline hitting all time highs, the oil prices are also affecting the asphalt, pvc pipe, conduit, etc.*

Memorandum
 September 1, 2004
 Page Three

*"The Perfect Storm" explains exactly what we had been saying. We are no longer in a national economy –the United States is participating in a global economy.
 (Attached)*

Summary

While the market appears to be booming, the number of projects which are "on the drawing boards" seems to be lessening, the impact on the bid climate will not be reflected until all of the project number actually does decrease, which will be a time in coming. For the projects that are coming out to bid in the next year or two, we are still anticipating an escalation factor of 6%.

We know the State passed a \$12 Billion education bond, plus the numerous local school district and community college bonds. In addition, the State has ongoing school construction from the previous school bonds, hospital seismic upgrades and new construction for hospitals. Californians have also approved State bonding for libraries, parks & recreation, and infrastructure throughout the state to name a few more.

This situation again strengthens our argument that the best-known way to get the lowest bid is to attract as many pre-qualified contractors to bid each project as you can reach. One resource shows: the variance costs from a base cost can be:

1 bid	+15% to +40%
2 – 3 bids	+8% to +12%
4 – 5 bids	-4% to +4%
6-7 bids	-7% to -5%
8 or more bids	-12% to -8%

The more general contractors and sub-contractors bidding a project will create a more competitive atmosphere and better numbers.

We cannot stress or repeat too often - we need to be **proactive** in working with our clients and to bring in lower construction bids:

The future for construction budgets are bleak, this situation may last six months or six years, The one thing we are sure of is that escalation, even at a slow steady pace, will continue – and we need to plan for it by allowing for it in the budgets and by being proactive in working with our contractors at all phases of design and construction.

SIERRA WEST GROUP, LLC
 Mary E. Wallers/John L. Moreno

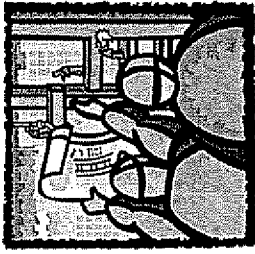
THE PERFECT STORM

- China demand (1/3 of total world capacity)
- Weak dollar
- Soaring ocean freight cost
- Raw material shortages
- Global scrap selling
- Domestic recovery (demand increase)
- Hedge buying
- Marginal financial results in steel sector
- Domestic mill consolidation over past three years
- Winter
- Freight and fuel surcharges

IMPACT OF STEEL PRICING ON BUILDING COSTS- BASIC

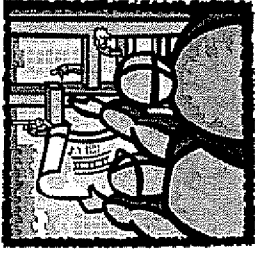
#		Metal Price Increases	Metal Cost as % of Trade	Trade Price Increase	Trade Price as % of Bldg Cost	Bldg Cost Increase	Comments
		A	B	C	D	E	
1	Concrete - Foundations/Slab on Grade, etc	45.8%	35.0%	16.0%	6.0%	0.96% rebar	
2	Shoring	80.0%	25.0%	20.0%	1.2%	0.24% wide flange	
3	Steel Reinforcement	43.5%	50.0%	21.8%	2.5%	0.54% shortage, no pricing lock till shipment	
4	Structural Steel	45.8%	45.0%	20.6%	7.5%	1.55% no pricing lock till shipment	
5	Metal Decking	20.7%	60.0%	12.4%	1.0%	0.12%	price hikes just beginning, warehouse
6	Stairs/Misc Metals/Ornamental Metals/Equipment Supports	47.2%	20.0%	9.4%	1.3%	0.12% running low of stock	
7	Metal Roof & Wall						
8	Panels/Louvers/Screens	28.0%	33.0%	9.2%	0.5%	0.05% steel and aluminum combined	
9	Sheet Metal	40.0%	33.0%	13.2%	0.5%	0.07%	
10	Doors/Frames/Hardware	20.0%	35.0%	7.0%	2.0%	0.14%	
11	Aluminum & Glass/Aluminum Panels	15.0%	30.0%	4.5%	3.0%	0.14% recent price spikes, energy costs	
12	Mtl Framing/Drywall /Fireproofing/ Plaster	80.0%	20.0%	16.0%	13.0%	2.08% shortage, no pricing lock till shipment	
13	Acoustical and Specialty Ceilings	25.0%	15.0%	3.8%	1.0%	0.04%	
14	Specialties/Equipment (Div. 10-13)	25.0%	25.0%	6.3%	4.0%	0.25%	
15	Plumbing/Med Gases	33.3%	25.0%	8.3%	9.5%	0.79%	
16	Fire Protection	35.6%	25.0%	8.9%	1.3%	0.12% pipe, hangers, etc	
17	Mechanical/HVAC/Controls Electrical/Security/Nurse Call/Fire Alarm/Low Voltage	30.8%	20.0%	6.2%	16.5%	1.02% sheet/metal, pipe, hangers, etc	
		46.2%	10.0%	4.6%	12.5%	0.58% copper up, emt availability	
TOTAL IMPACT TO BUILDING COSTS (w/o labor or GC Markups)						83.3%	8.8%

Col A percentage increase for steel and other metal materials
Col B average percentage these materials represent of each trades total price
Col C percentage the material pricing has had on trades total price
Col D average percentage of total building costs represented by each trade
Col E percentage increase to total building costs due strictly to recent price spikes



Overview of Projects

Department of General Services
Facility & Property Management Division



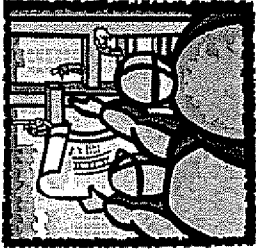
Completed Projects

Fire Station 4 - Improvements & ADA

Oak Park Community Center –
Remodel/Addition

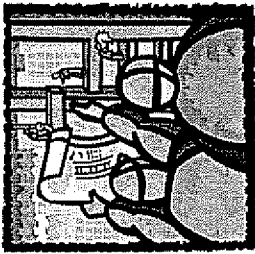
Shepherd Garden and Arts Center -
Improvements

Pannell Community Center - Parking Lot

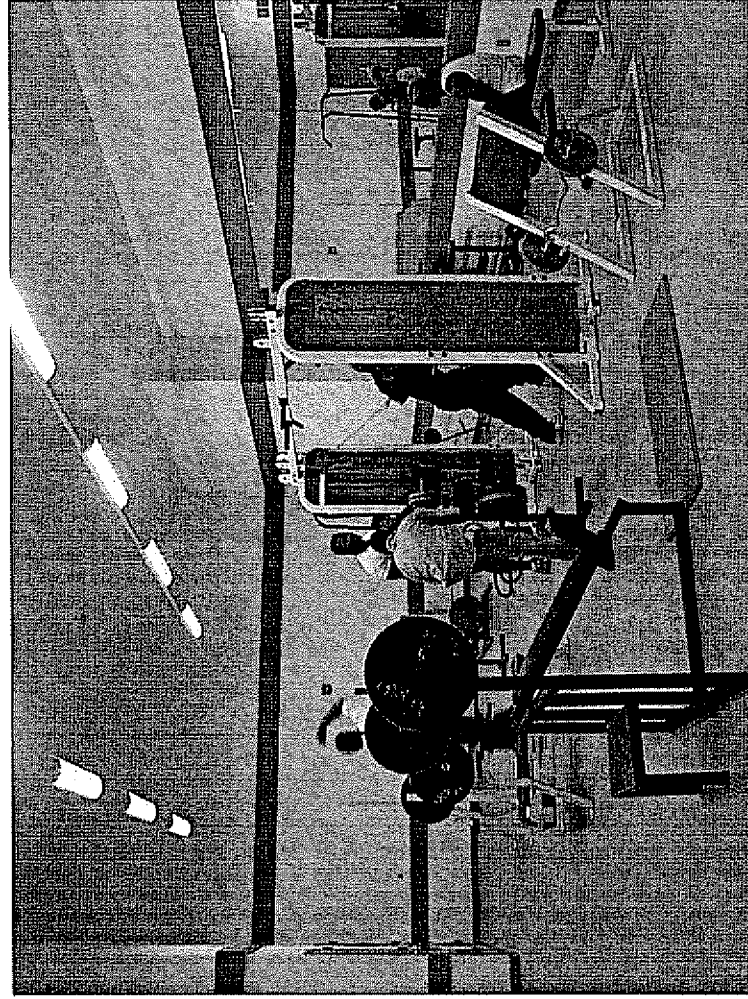


Completed Projects

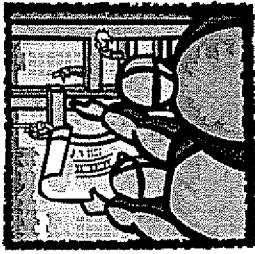
Bing Maloney – ADA Improvements
Evelyn Moore Community Center – Drinking
Fountain
Meadowview City Service Center –
Improvements
Valley Hi Library



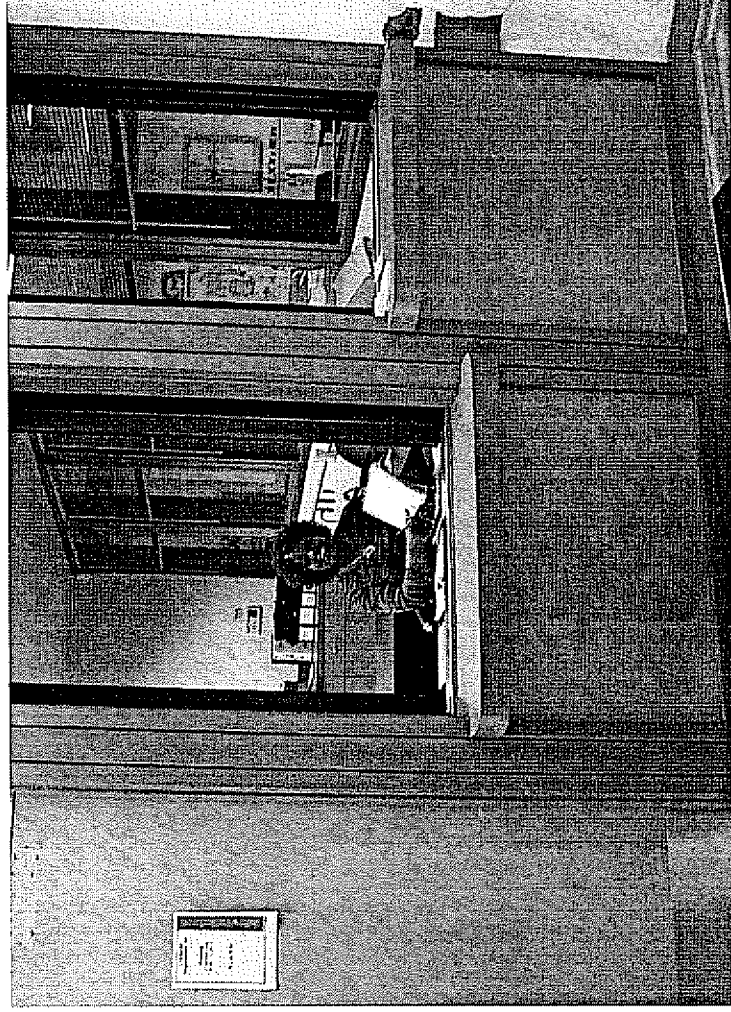
Oak Park Community Center



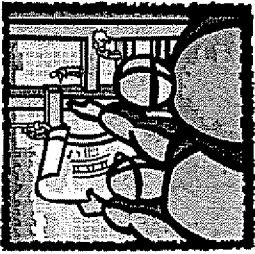
New weight room addition.



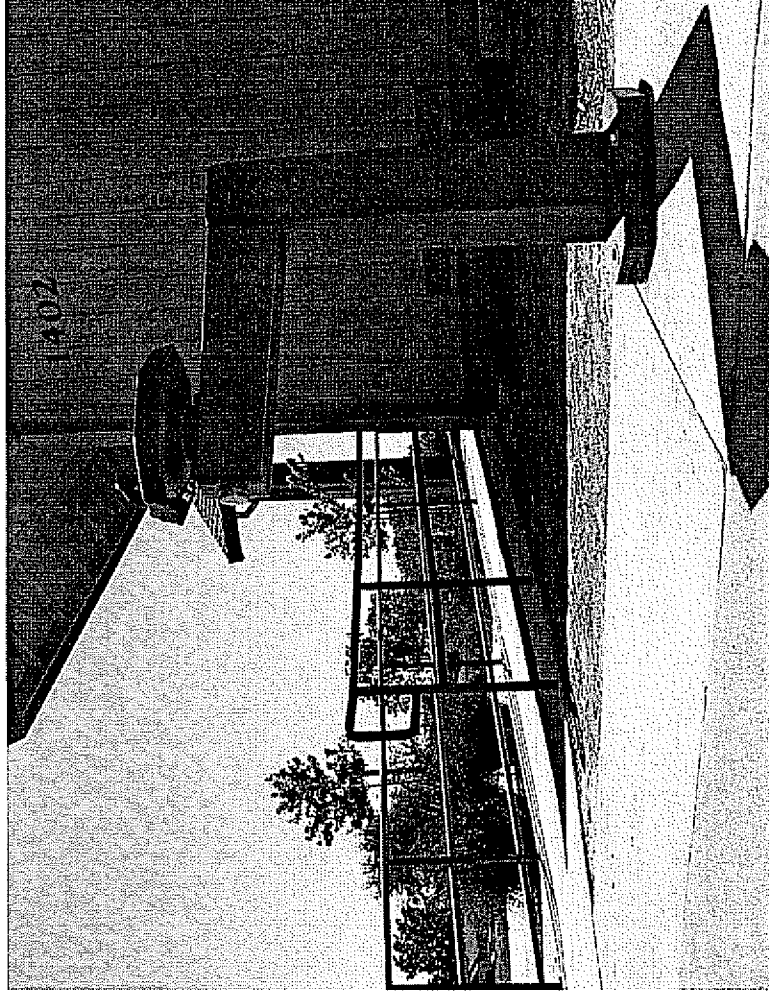
Oak Park Community Center



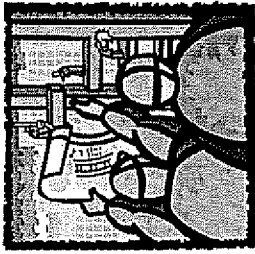
A happy user.



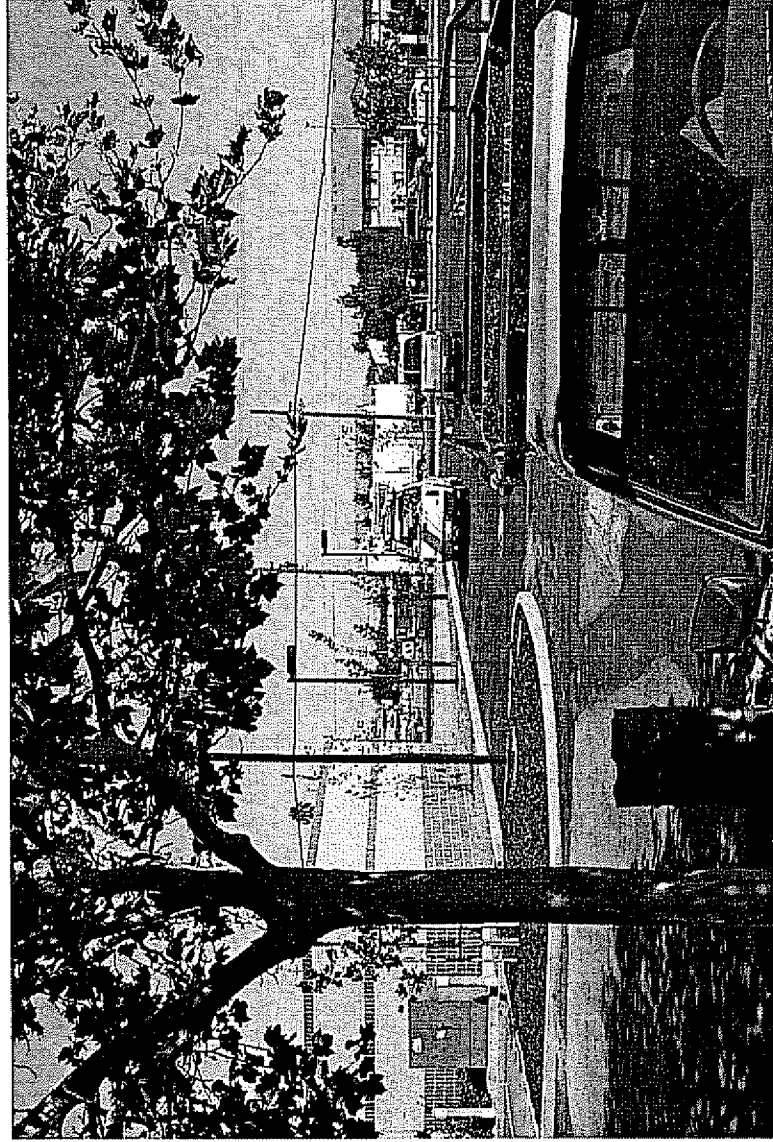
Evelyn Moore Community Center



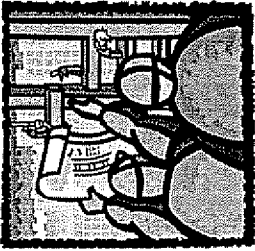
New drinking fountain for outside sports activities.



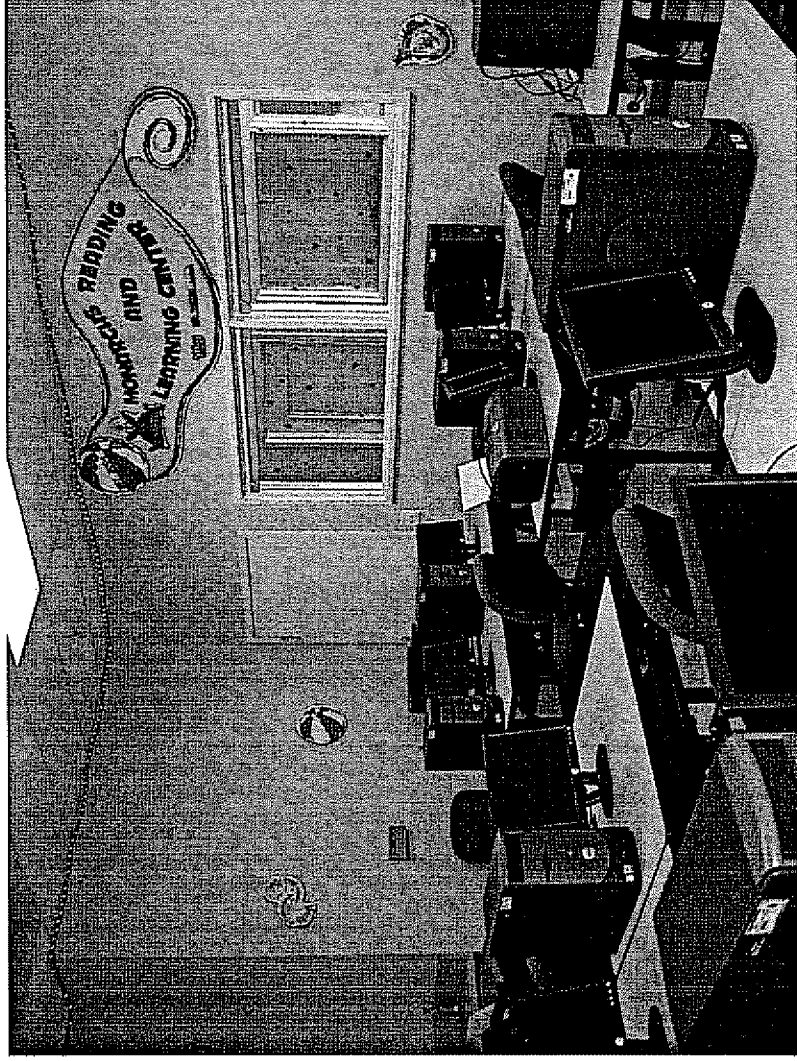
Pannell Community Center Parking Lot



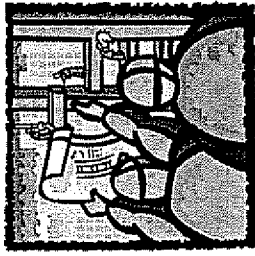
47 additional landscaped parking spaces.



Valley Hi Library

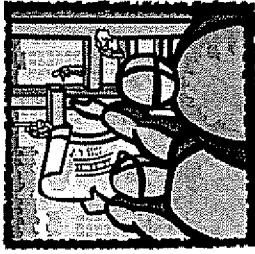


Kings/Monarchs "Read to Achieve" Computer Room



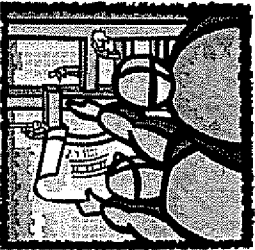
Under Construction

Fire Station 5 - Broadway
Fire Station 20 – North Sacramento
Fire Station 30 – North Natomas
911 Dispatch and Training Facility

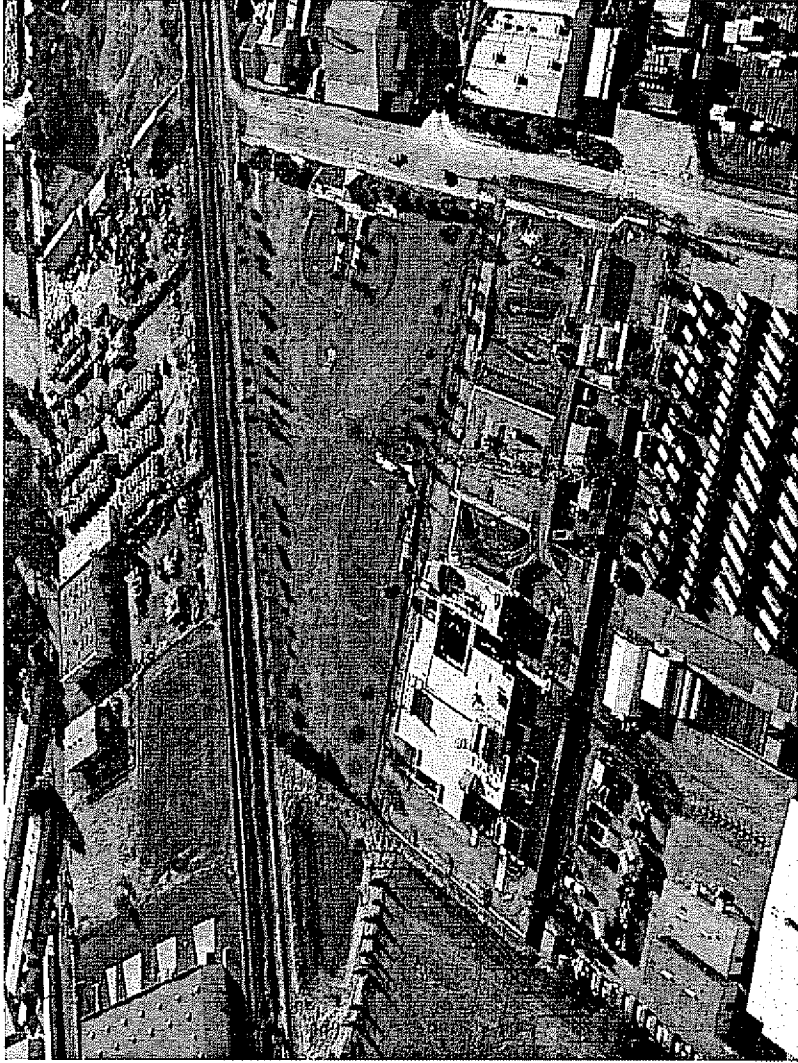


Under Construction

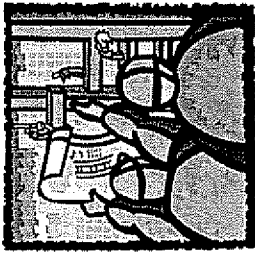
City Hall Expansion
Parking Structures – Repair & Maintenance
ADA Old Sacramento Boardwalk



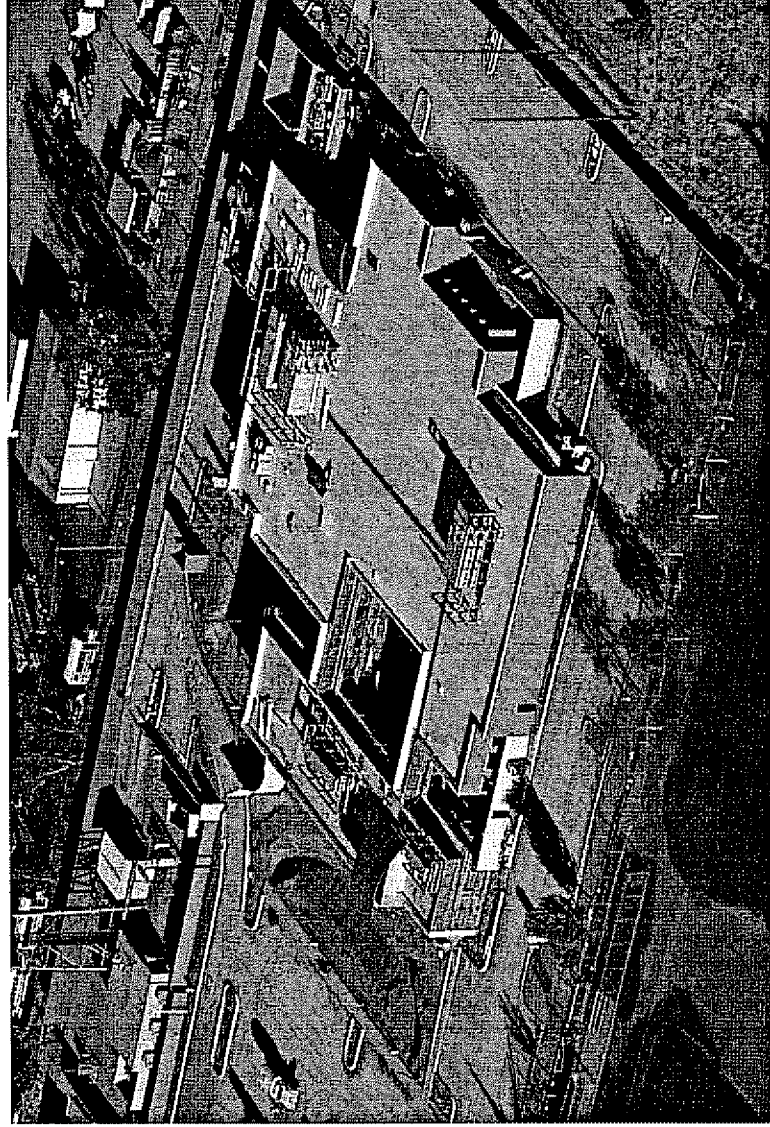
911 Dispatch and Training Facility



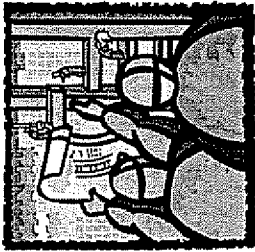
Aerial view of site.



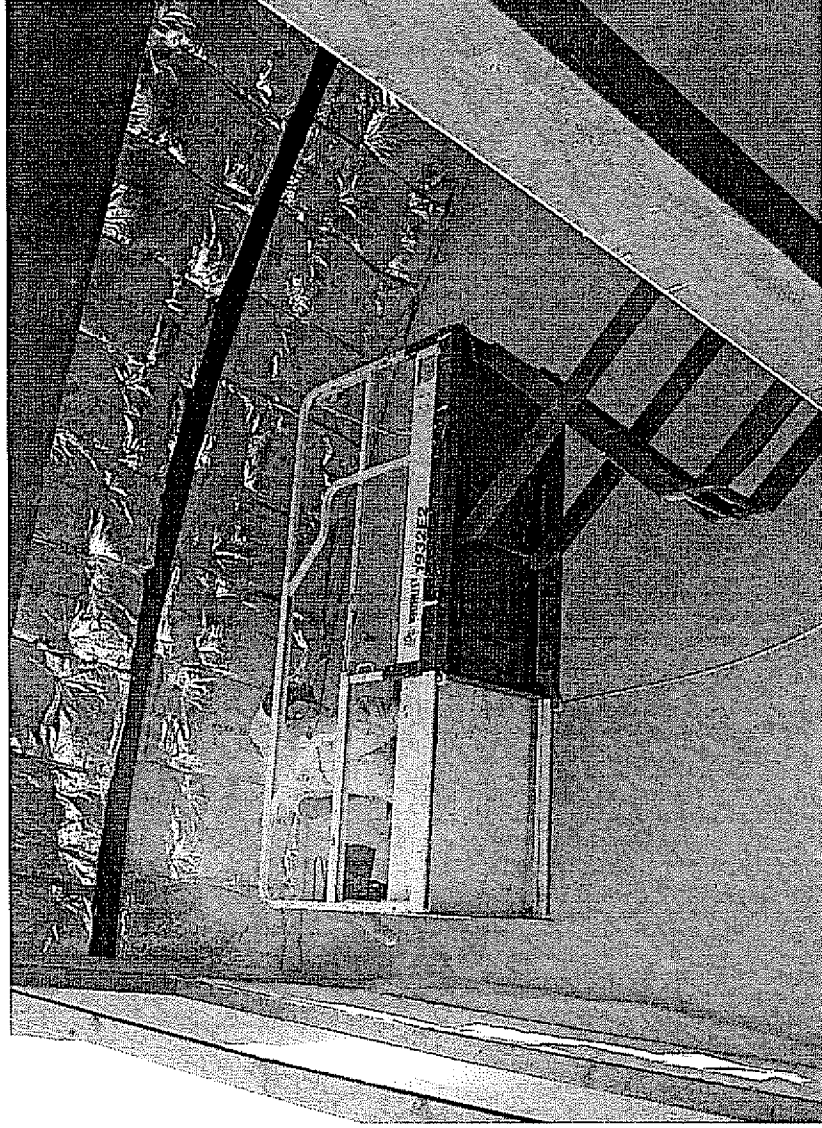
911 Dispatch and Training Facility



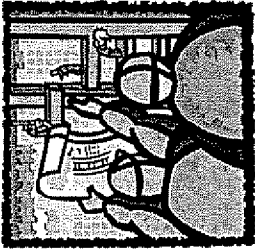
Aerial view looking west.



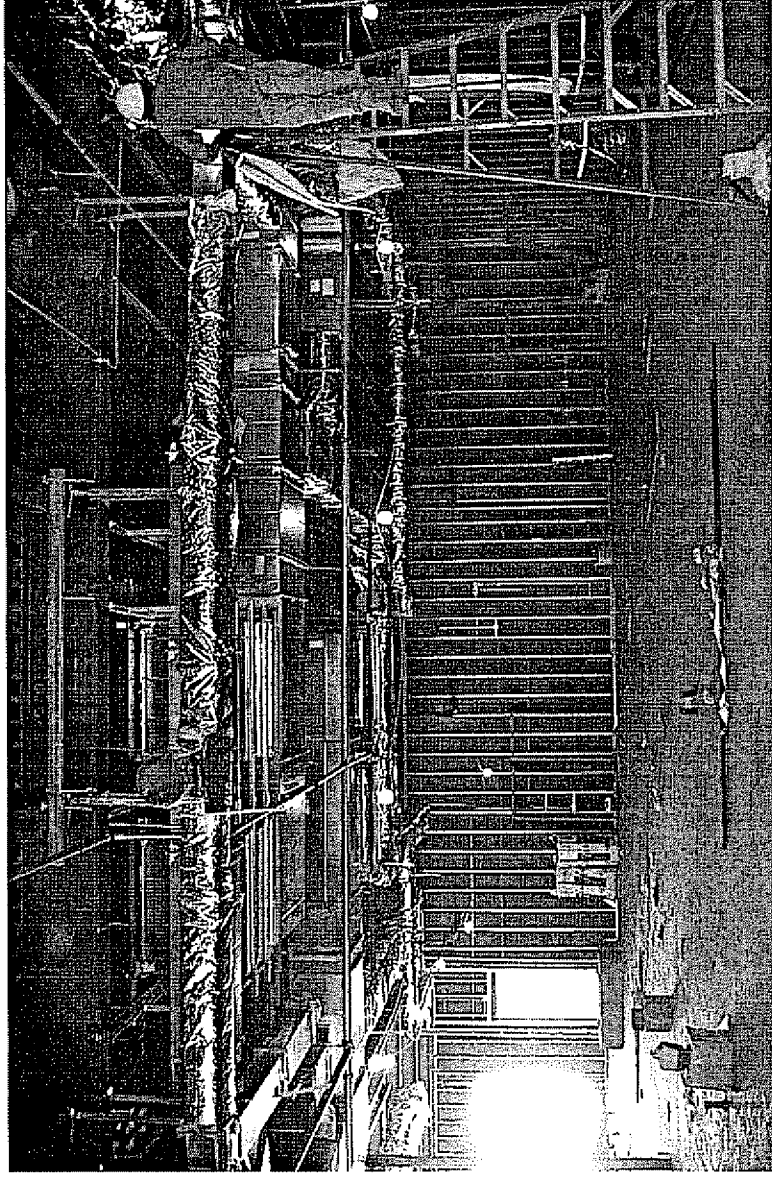
911 Dispatch and Training Facility



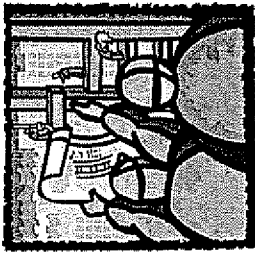
Insulation at lobby's curved ceiling.



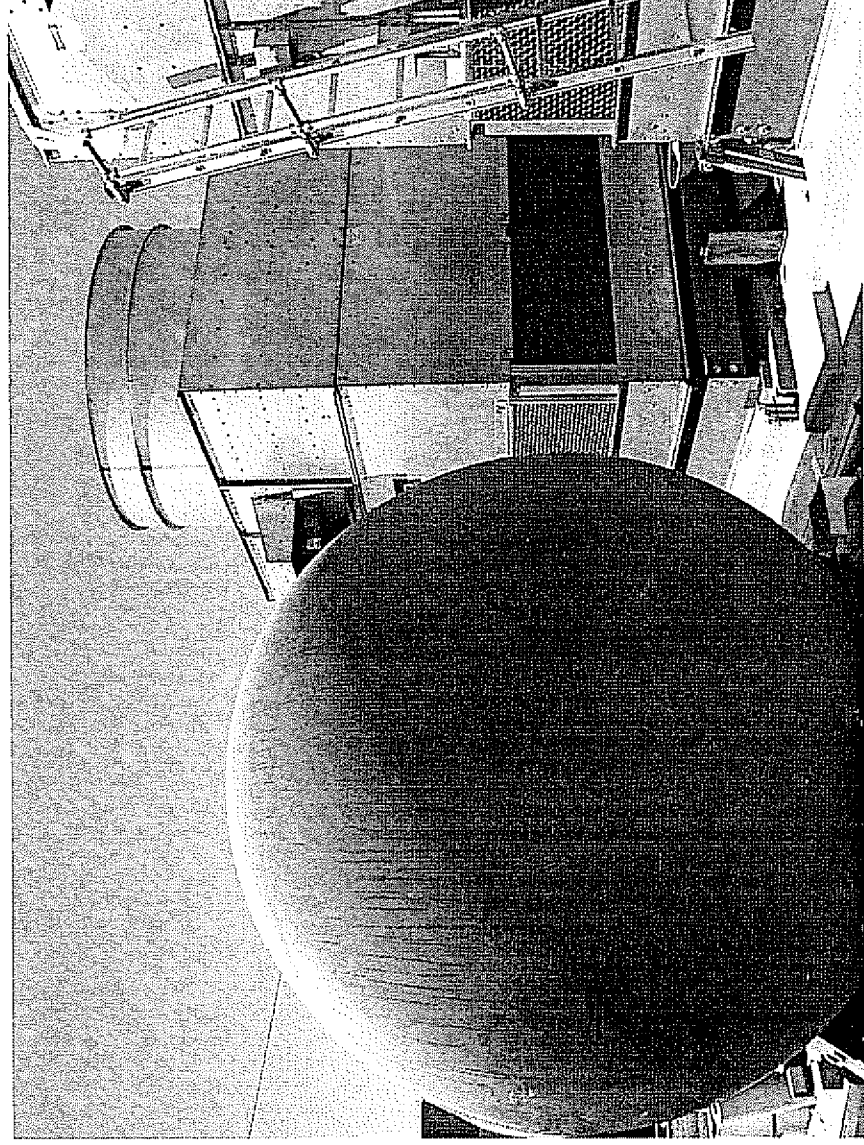
911 Dispatch and Training Facility



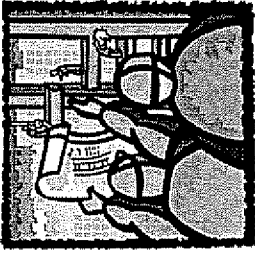
HVAC installations at Communications Room.



911 Dispatch and Training Facility



5000 gallon water tank for cooling towers.



911 Dispatch and Training Facility

Schedule

Start: November 2003

Projected Completion: April 2005

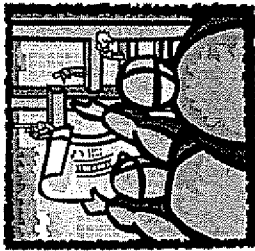
In Operation: First Quarter 2006

Budget

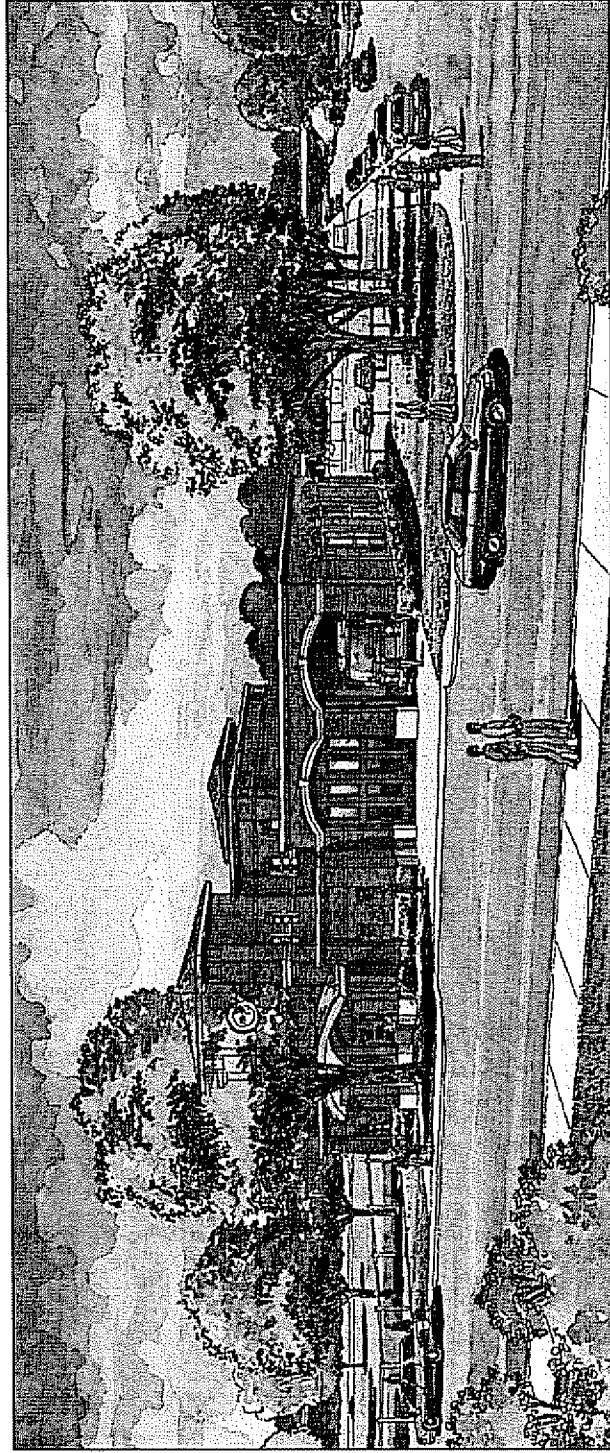
Project Budget: \$23,118,310

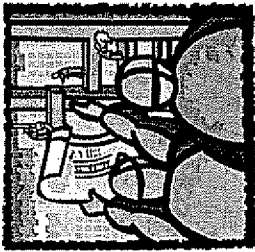
Construction Budget: \$11,541,295

Current Spending Budget: On track

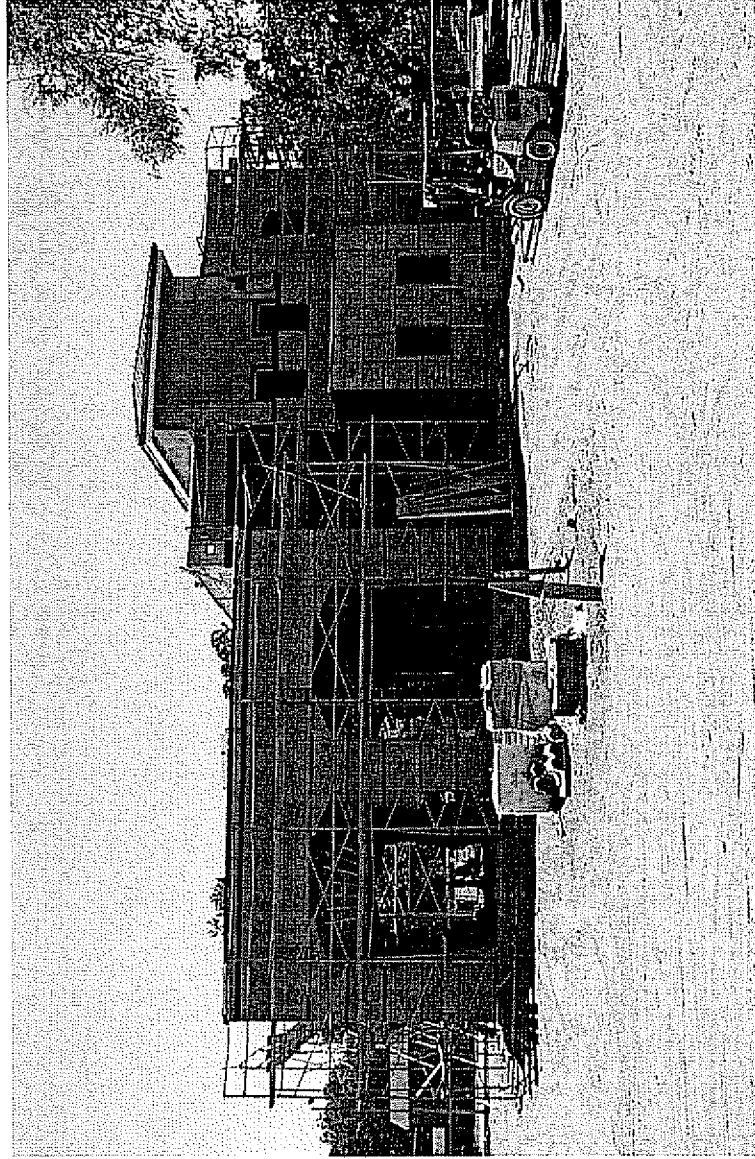


Fire Station 5 - Broadway

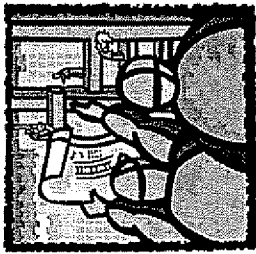




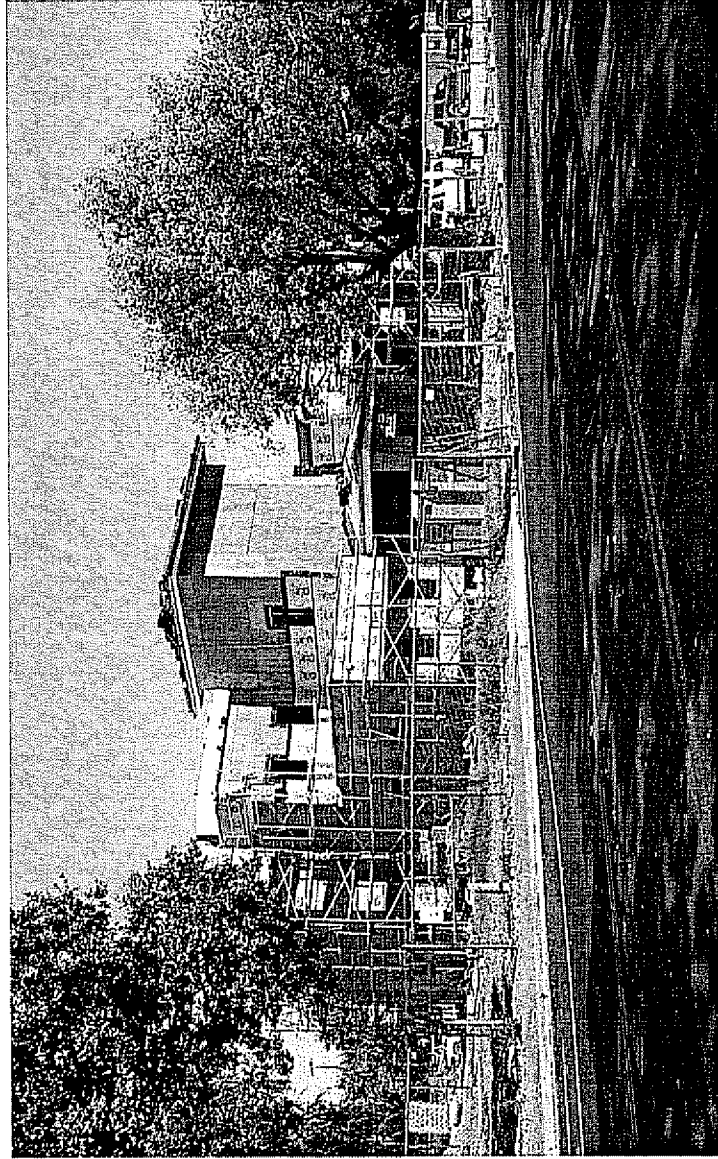
Fire Station 5 - Broadway



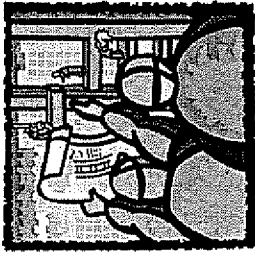
Rear view of station.



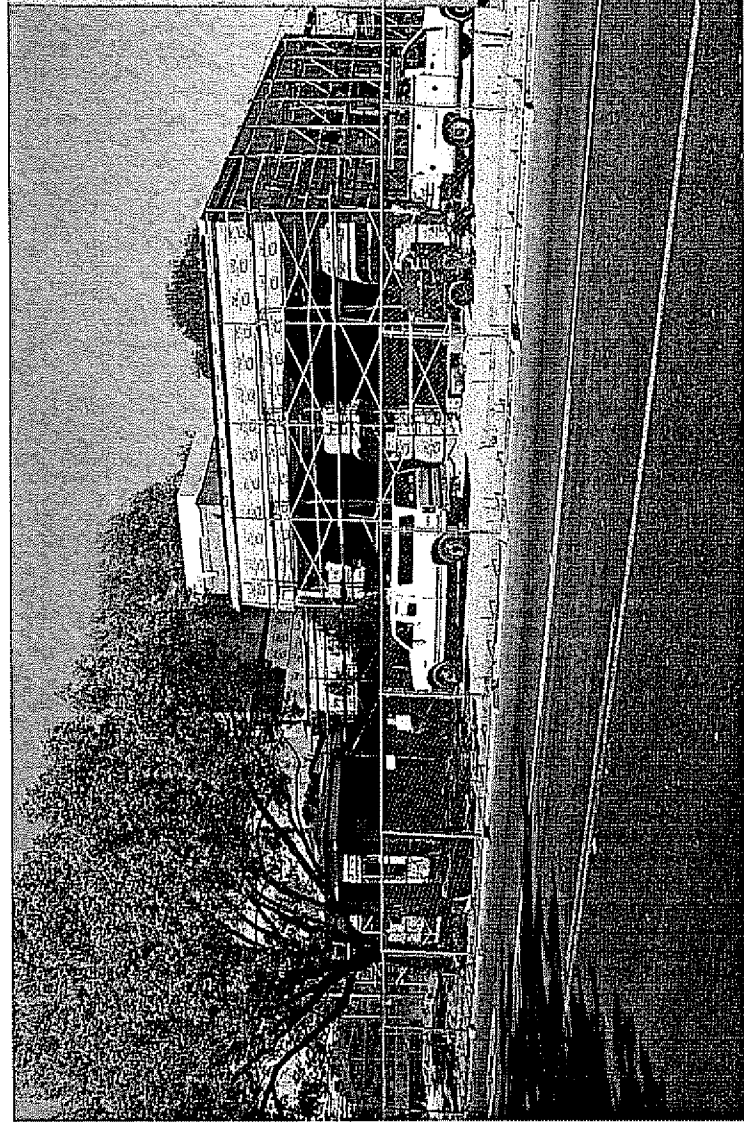
Fire Station 5 - Broadway



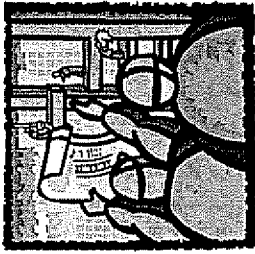
Looking east down Broadway.



Fire Station 5 - Broadway



Looking west down Broadway.



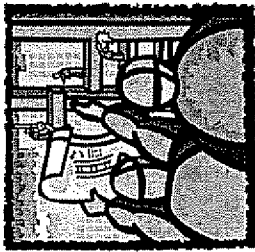
Fire Station 5 - Broadway

Schedule

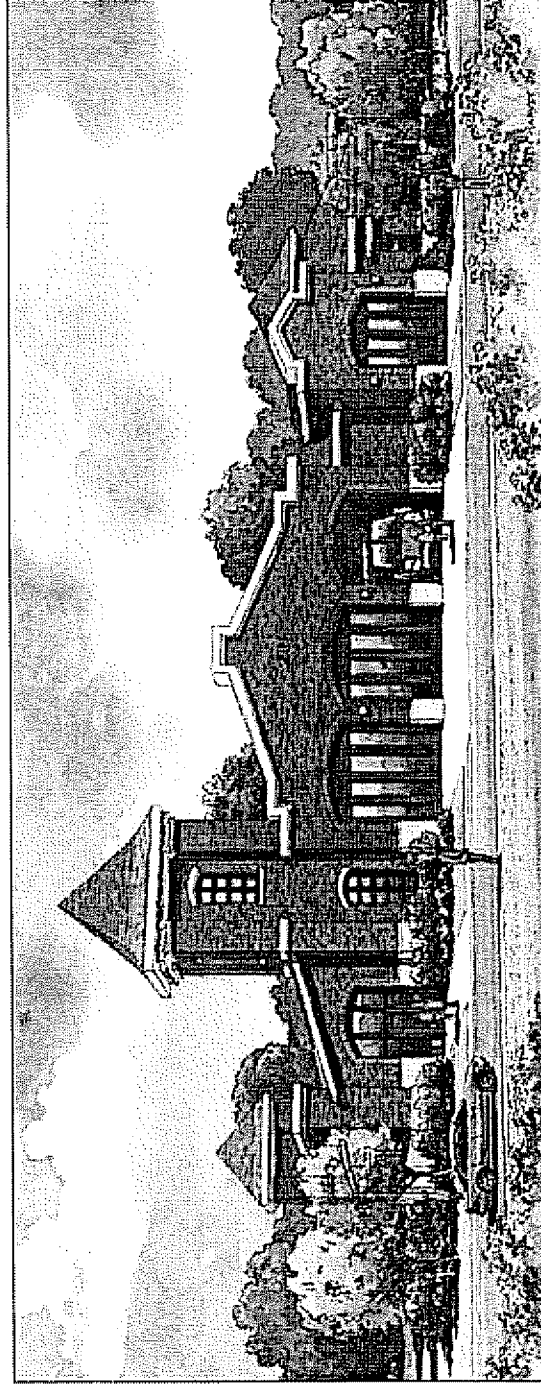
Start:	August 2003
Projected Completion:	January 2005
In Operation:	January 2005

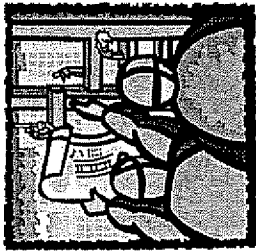
Budget

Project Budget:	\$4,813,500
Construction Budget:	\$3,635,953
Current Spending Budget:	On track - tight

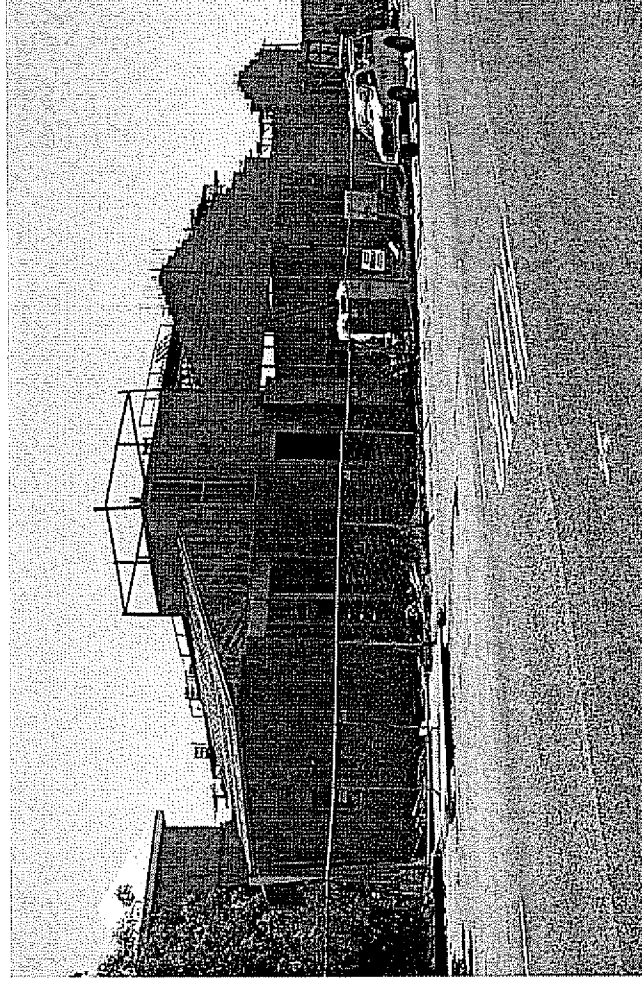


Fire Station 20 – North Sacramento

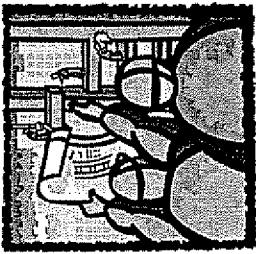




Fire Station 20 – North Sacramento



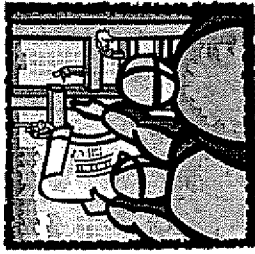
North side looking west.



Fire Station 20 – North Sacramento



North side looking east.



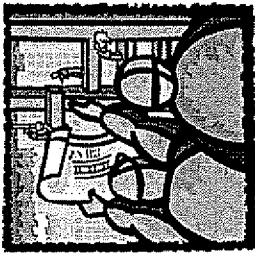
Fire Station 20 – North Sacramento

Schedule

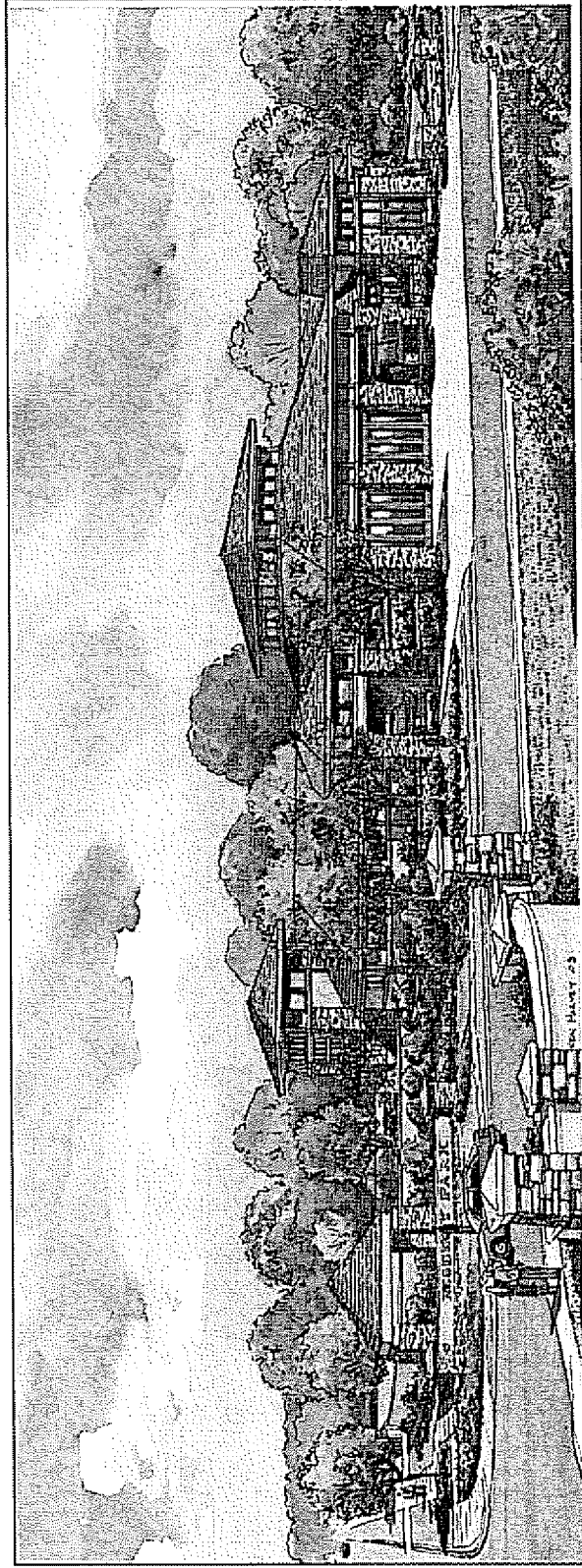
Start:	January 2004
Projected Completion:	February 2005
In Operation:	February 2005

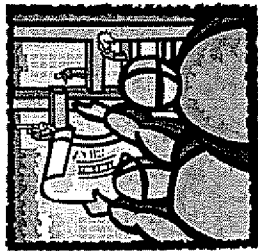
Budget

Project Budget:	\$5,380,000
Construction Budget:	\$4,300,000
Current Spending Budget:	On track

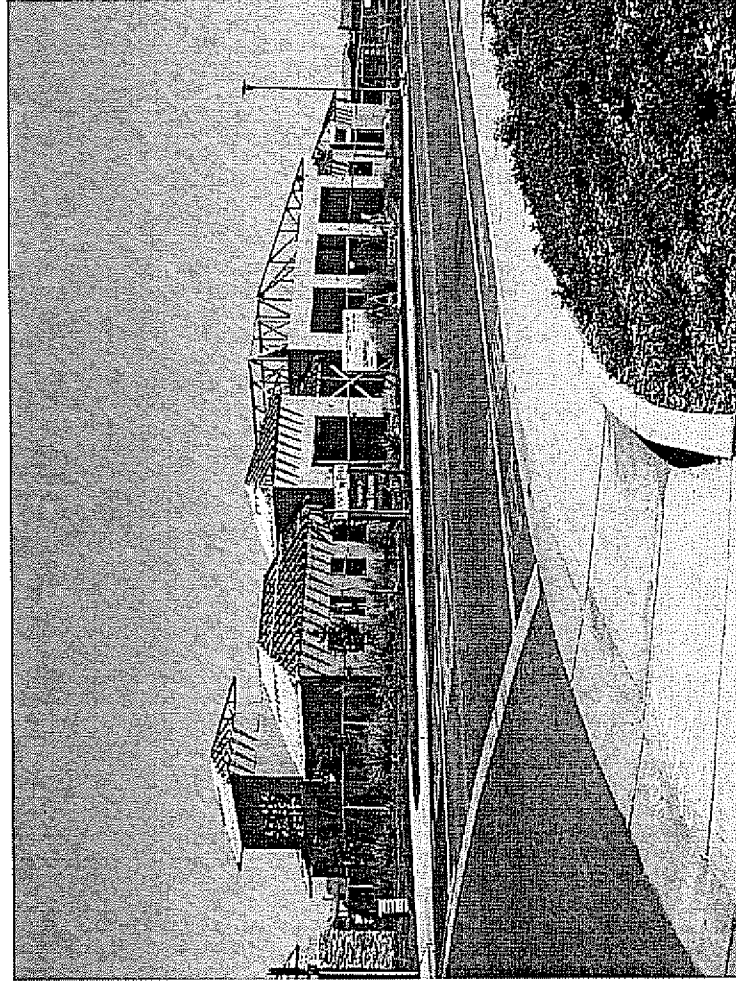


Fire Station 30 - North Natomas

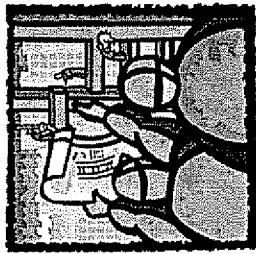




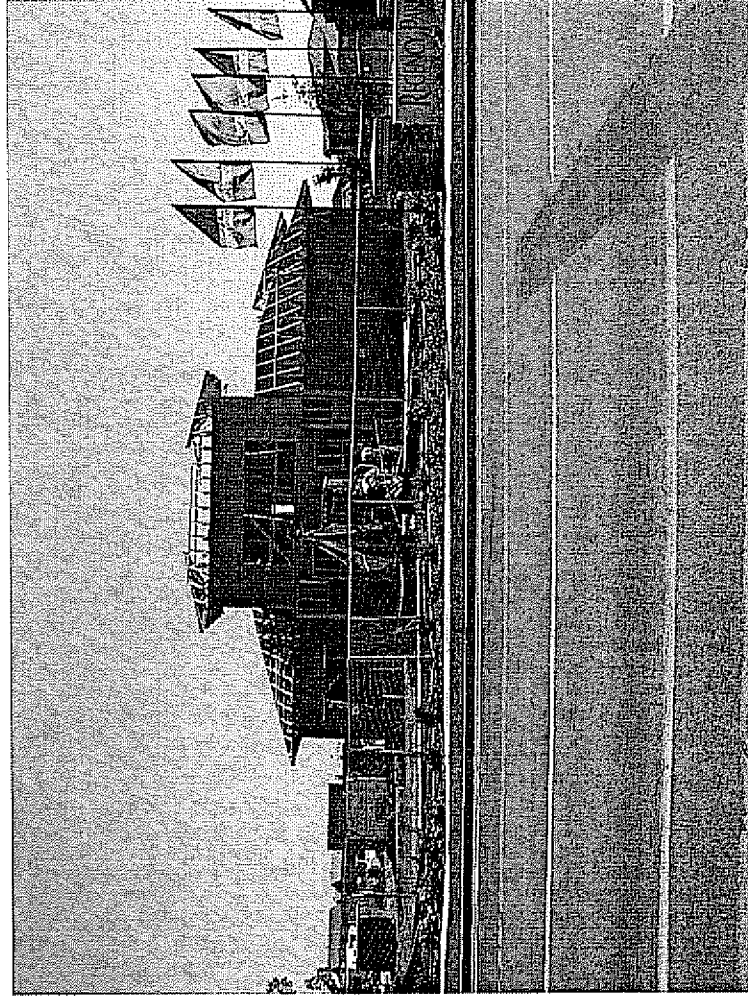
Fire Station 30 - North Natomas



South side looking east.



Fire Station 30 - North Natomas



West side view.



Fire Station 30 - North Natomas

Schedule

Start: January 2004

Projected Completion: January 2005

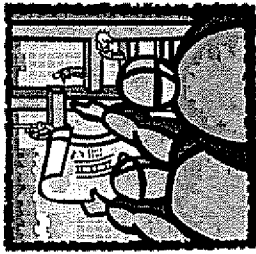
In Operation: January 2005

Budget

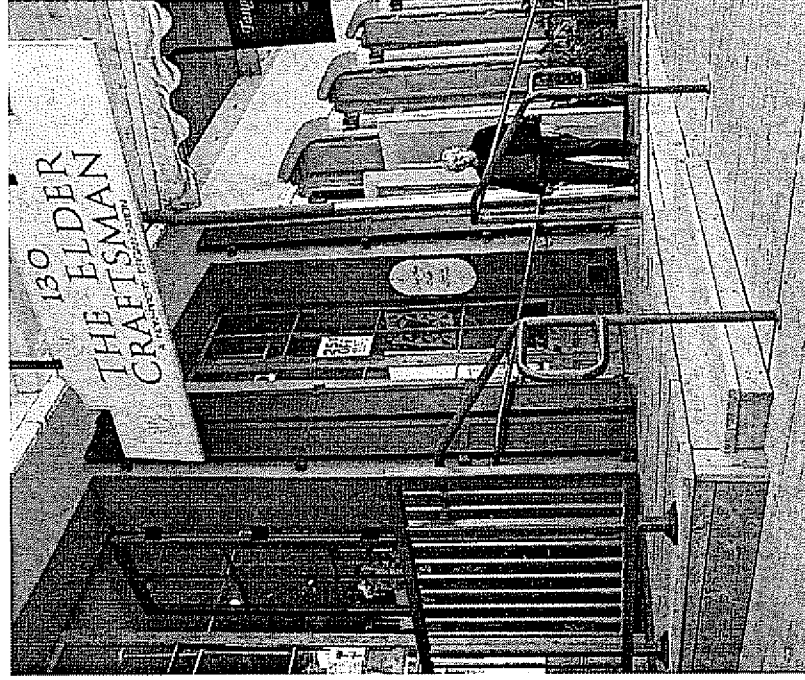
Project Budget: \$4,935,000

Construction Budget: \$4,300,000

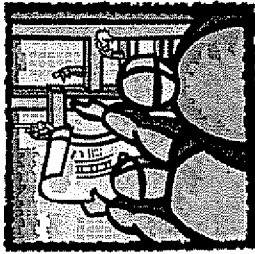
Current Spending Budget: On track



ADA Boardwalk Old Sacramento



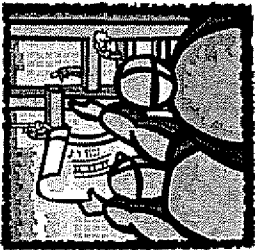
More shops are made accessible in Old Sacramento.



ADA Boardwalk Old Sacramento



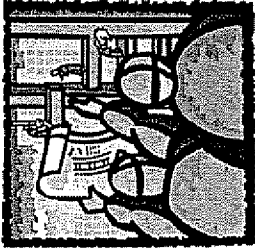
Accurate measurements in tight spaces.



ADA Boardwalk Old Sacramento



Accessibility comes alive.



ADA Boardwalk Old Sacramento

Schedule

Start: June 2004

Projected Completion: May 2005

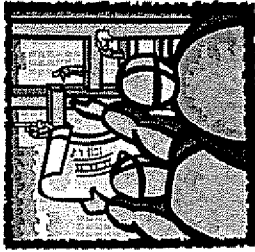
Occupancy: Shops remain open

Budget

Project Budget: \$3,900,000

Construction Budget: \$3,100,000

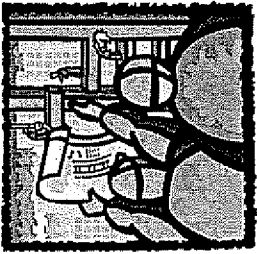
Current Spending Budget: On track



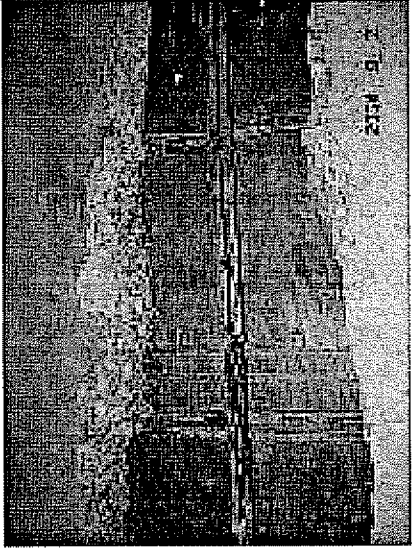
Parking Structures – Repair/Maintenance



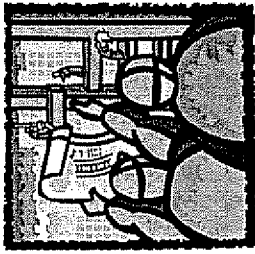
Downtown Plaza Garage – structural tendon repairs.



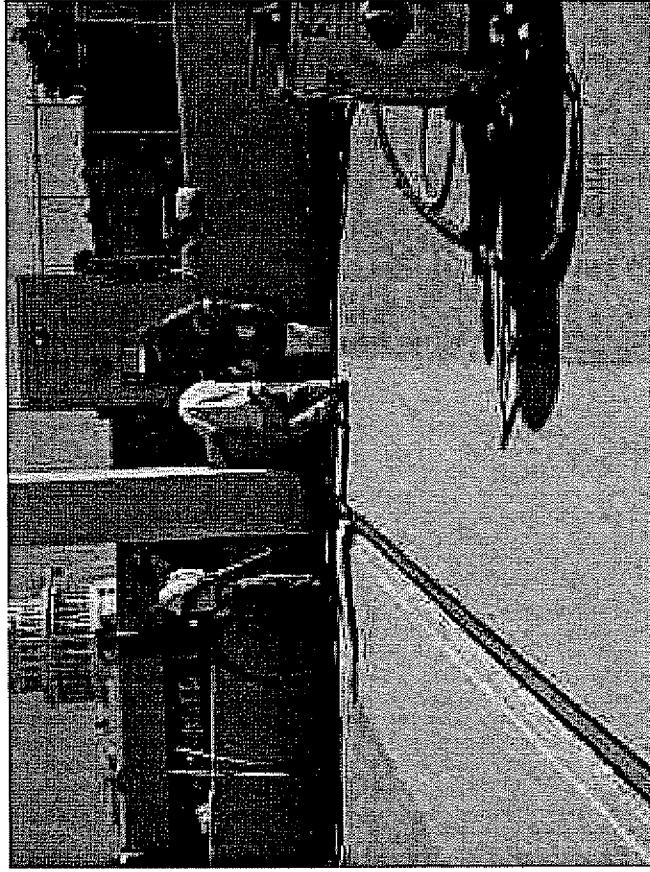
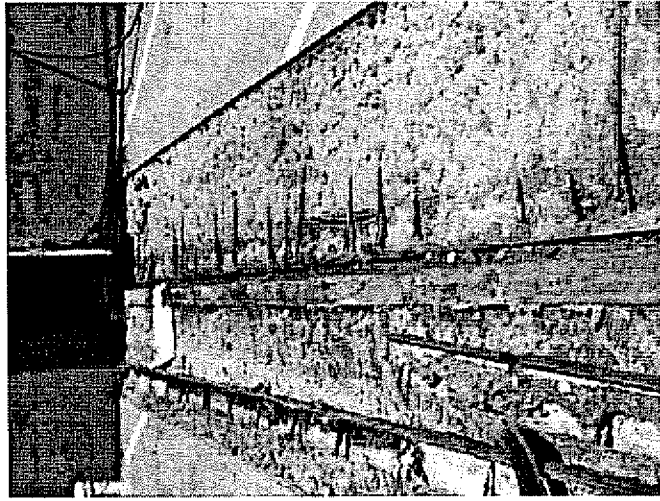
Parking Structures – Repair/Maintenance



Close up of exposed post-tensioned tendons.



Parking Structures – Repair/Maintenance



All existing Capitol Garage expansion joints were removed and replaced.



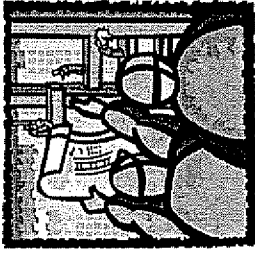
Parking Structures – Repair/Maintenance

Schedule

Start:	March 2004
Projected Completion:	September 2005
Occupancy:	Garages remain open

Budget

Project Budget:	\$5,756,000
Construction Budget:	\$2,339,570
Current Spending Budget:	On track



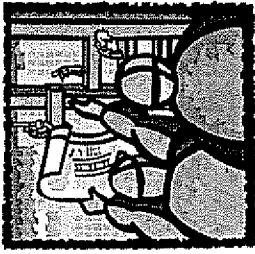
Just Started Construction

Mims-Hagginwood Community Center
Expansion

IT Department Expansion/Remodel

Public Safety Center – Waterproofing
Remediation

North Area Corporation Yard – Remodel

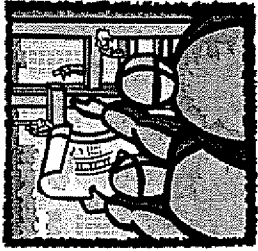


Ready To Start Construction

Land Park Golf Course – Cart Charging Area

Meadowview City Service Center – Fencing

Occupancy Sensor Retrofit – Various Buildings



Ready To Start Construction

ADA Remediation Work at:

Robertson Community Center
Discovery Museum
Museum Science Center