

# MEMO

Discussion/Action  
Item #: 8



Meeting Date: July 21, 2023

To: Board of Directors  
From: Senior Engineer, David Ramirez  
Approved by: General Manager, Felipe Melchor

**Subject: Scale House and Public Restroom Improvement Project Bids**

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**RECOMMENDATION:** That the Board reject the construction bids received from the three responsive public works contractors for the Scale House and Public Restroom Improvement Project.

## BACKGROUND

ReGen Monterey's current Scale House was constructed in 1993 and was originally designed for two (2) scale attendants serving four (4) truck scales. The Scale House was built as a 2-story structure with the ground level housing the scale attendants and the second level providing a small work space, a small storage area, both a computer and camera system equipment area, and the ability for elevated inspection of vehicles by the scale attendants. Since about 2013, the scale traffic has increased significantly. The average daily tonnage in 1996 (a few years after the Scale House was built) was roughly 700 tons per day compared to an average of about 2,500 tons per day in 2021 (25 years later). Similarly, the average traffic volume has increased from around 200 vehicles per day to approximately 800 vehicles per day. The traffic volume increase required that the staffing increase to four (4) scale attendants to address busy periods. With the increased traffic and additional scale attendants, the workstations inside the scale house have become crowded. In addition, the COVID-19 coronavirus daylighted new goals for business operations such as allowing for relatively larger space per person, more space between employees, and the benefits of exterior, open air conditions over that of an enclosed space.

In December of 2021 the Board of Directors authorized Staff to contract with Spector Colbert Architects to prepare construction drawings for the Scale House Improvement Project. The project included an 80 square foot expansion of the existing Scale House, public restroom improvements, handicap ramp improvements, and a "facelift" of the building finishes (paint, floors, etc.). In October of 2022 the Board authorized staff to issue a request for bids for the project. The project Bid Opening was held on June 8, 2023 and three bid submittals were received.

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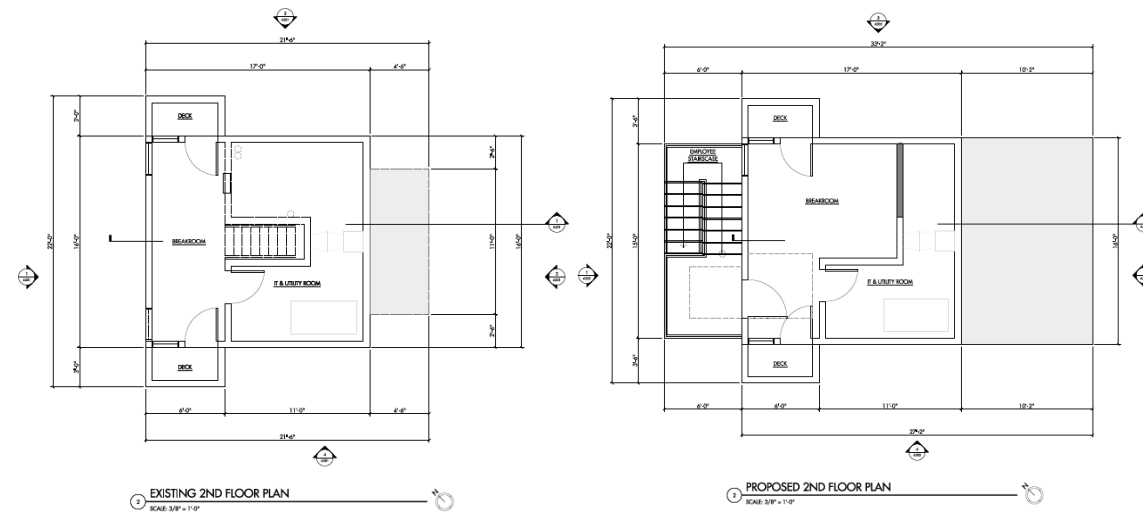
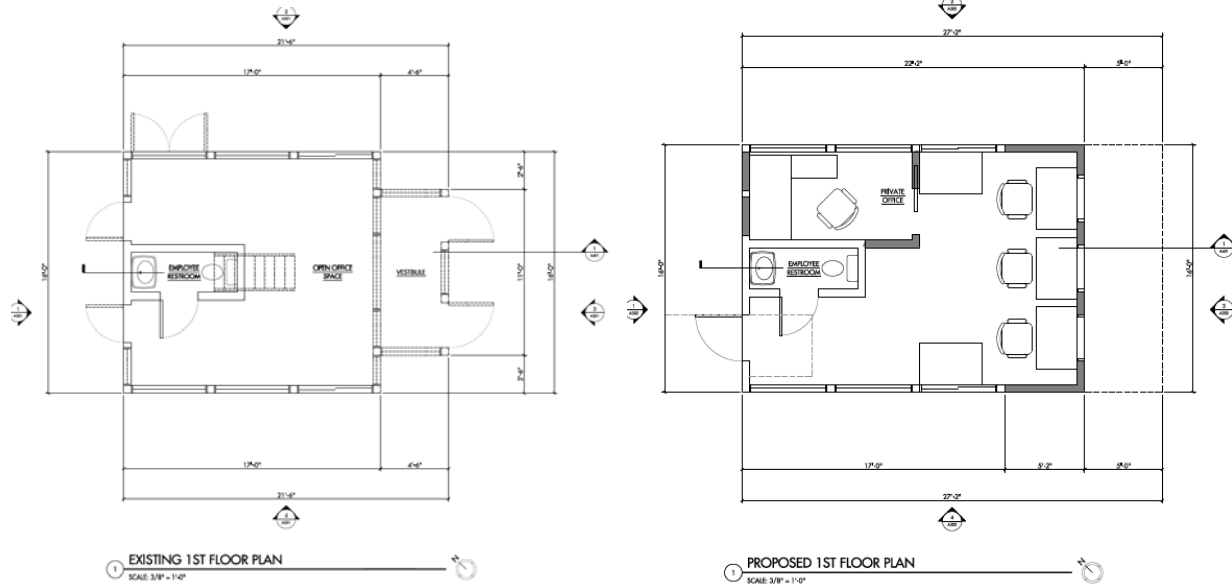
### Web / Social

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*Let's not waste this.*



Below are images showing existing conditions (left) and the proposed project modifications (right) of both the first floor plan (upper pair) and the second floor plan (lower pair).





## DISCUSSION

As mentioned above in the Background Section of this report, the project scope included an 80 square foot expansion of the existing Scale House. This would take the first floor from 470 square feet to 550 square feet. The scope of the improvements also included public restroom improvements, handicap ramp improvements, and a “facelift” of the building finishes (paint, floors, etc.) among other things.

The projected construction cost budget was \$900,000 based on a Contractor Construction Cost Estimate that was performed in April of 2022, just before the first drawing submittal to the County Building Department. Thus far the project spend to date has been almost \$152,000 in Architecture and Engineering consultant fees.

The bids received from the three General Contractors for the project at the June 8, 2023 bid opening, along with the project budget amount, is presented in the table below.

<b>Name</b>	<b>Price</b>	<b>Percent difference from budgeted amount</b>
<i>Projected Construction Budget</i>	<b>\$900,000</b>	<i>0% - Baseline</i>
DMC Commercial Inc.	\$1,273,192	41% over budget
Ausonio Inc.	\$1,373,700	53% over budget
Seldon and Sons	\$1,593,800	77% over budget

As shown in the table above, the lowest bid from DMC Commercial is 41% over budget. As a result, ReGen Staff reviewed the project scope, goals and value delivered by the project. This assessment led staff to conclude that the project did not deliver sufficient, commensurate value needed relative to the bid prices quoted for the work. The general scope of work, which included an 80 square foot addition and 470 square feet of existing interior space to receive a “facelift,” did not meet the value goals for the project given the high bid prices. Staff believes that the goals and value of the Scale House Improvements can be achieved within budget by taking a focused, limited-scope approach to the improvements.

Possible reasons for the project construction costs being so high could include a mixture of the following factors:

- Workload of General Contractors and Sub Contractors may lead them to price work higher in order to attract them to perform the work if their bid is selected.



- The project required significant electrical work to rewire the building to achieve the 80 square feet addition.
- As a Public Works Project the work must meet the Prevailing Wages requirements for the State of California. This increases the cost of work when compared to private construction bids using non-prevailing wage values.
- Global and local inflation rates over the past years have increased material, labor and energy costs.
- The construction work was required to be performed around an operating scale facility that had to continue operation. A temporary Scale House was to be placed into operation however, working around the operating scales could require work outside of normal business hours and was also constricting the access and available work area leading to lower productivity of the construction work.

## **FINANCIAL IMPACT**

The current construction climate in the United States and, more specifically, Monterey County, is difficult to predict except to generally state that price escalations have been occurring significantly during the past two to three years. Supply chain issues, labor shortages, economic uncertainty, and COVID-19 impacts make it difficult to accurately forecast what construction costs will be. The construction bids received for this project serve as good examples of the local construction industry market conditions. Staff will use this project experience to inform future project budgets, where appropriate.

To date ReGen Monterey has spent \$151,300 on Architectural/Engineering (A&E) and preliminary cost estimating services for this project and has \$700,000 remaining in the approved fiscal year 2023/24 budget. With the rejection of the bids as recommended, staff will define an alternate scope and approach for the improvements and will report back to the Board on anticipated future costs and the adequacy of the project budget in the near future.

## **CONCLUSION**

ReGen received three public works construction bids for the Scale House and Public Restroom Improvement Project. The lowest bid received from DMC Commercial was over budget by 41%. Staff evaluated the cost of the project compared to the value delivered and determined that the increased cost did not meet the cost to value relationship required for support of the lowest construction bid received. Therefore, Staff recommends that the Board reject all three bids received and direct staff to evaluate and bring back a project approach that meets the project's goals/cost/value needs of ReGen for the Board's subsequent consideration.