

OCEANSIDE CITY COUNCIL MEMBER JERRY KERN
NEWS RELEASE

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For Release September 16, 2010
NOTE:
5 PAGES WITH ATTACHMENTS

**COST SAVINGS NEAR \$1 MILLION ON PUBLIC WORKS
PROJECTS WITH ADOPTION OF THE CITY CHARTER**

OCEANSIDE CITY STAFF ANNOUNCED THAT COST SAVINGS RELATED TO PROVISIONS WITHIN THE RECENTLY ADOPTED OCEANSIDE CITY CHARTER HAS SAVED A TOTAL OF \$970,355 ON TWO CITY PROJECTS.

ACCORDING TO STAFF THE CITY REALIZED \$147,604 IN SAVINGS FOR THE LIBRARY RENOVATION PROJECT DUE PRIMARILY TO SAVINGS IN LABOR COSTS.

COUNCIL MEMBER JERRY KERN SAID, "THESE SAVINGS PROVED HELPFUL IN SEEING THE OCEANSIDE CIVIC CENTER LIBRARY RENOVATIONS PROJECT BECOME A REALITY.

ADDITIONAL GOOD NEWS BY CITY STAFF ANNOUNCED SAVINGS OF \$822,751 ON THE HARBOR AQUATICS CENTER, WHICH TURNED OUT TO BE A 19 PERCENT REDUCTION OVER AN EARLIER BID WHEN PREVAILING WAGES WERE REQUIRED WHEN OCEANSIDE WAS A "GENERAL LAW" CITY.

"THE CITIZENS OF OCEANSIDE SHOULD FEEL REALLY GOOD ABOUT SAVING NEARLY \$1 MILLION ON THE FIRST TWO PROJECTS SINCE THE RECENTLY ADOPTED CITY CHARTER WAS ENACTED,"KERN SAID.

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“WITH THE ON-GOING BENEFITS OF LOWER LABOR RELATED COSTS ON APPROXIMATELY \$30 MILLION A YEAR IN DAY-TO DAY PUBLIC WORKS PROJECTS, THE TAXPAYERS OF OCEANSIDE SHOULD REALIZE ANNUAL SAVINGS IN THE AMOUNT OF \$3 -6 MILLION PER YEAR,” KERN SAID.

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Memorandum
DEVELOPMENT SERVICES DEPARTMENT
Engineering Division

TO: Honorable Mayor and City Councilmembers

THROUGH: Peter Weiss, City Manager 

FROM: Nathan Mertz, Parks Development Manager

DATE: September 7, 2010

SUBJECT: Civic Center Library Renovation Project Cost Savings

At the request of Councilmember Lowery, the following information regarding cost savings for the Library Renovation Project is being provided.

As part of the library project re-bid process, a reduced base bid schedule with the inclusion of additive and deductive alternates was prepared. At the time of the project re-bid process the CA State Prevailing Wage provisions were deleted.

I have provided a simple spread sheet from both of the base bids received (see attached). For further description of the individual bid items please refer to the attached bid schedule for the project. The base bids were used in determining the low bidder at the time of the bid opening. I have outlined the "re-bid" base bid items in comparison to the respective "original" base bid items (deductive and additive alternates for the project are not included within the spreadsheet). **There is \$147,604 in savings which is primarily based on labor.**

The project bid items (line items) are inclusive of equipment, materials and labor. Bids received by the City from a general contractor do not include the breakdown of equipment, materials and labor. In addition, most of the bid items for this project are performed by sub-contractors. Proposals provided by sub-contractors to the general contractor do not include a breakdown of equipment, material and labor either.

Please feel free to contact me with any other questions.

Cc: George Buell
Deborah Polich



Memorandum
DEVELOPMENT SERVICES DEPARTMENT
Engineering Division

TO: Honorable Mayor and City Councilmembers

THROUGH: Peter Weiss, City Manager *PW*

FROM: Gary Kellison, Senior Civil Engineer *GK*

DATE: September 15, 2010

SUBJECT: Harbor Aquatics Center Project Bid Results and Cost Comparison

This memo provides information similar to the memo dated September 7, 2010, on the Library Renovation bid results.

The City first bid the Harbor Aquatics Center in May 2008. Then, the low bid was \$4,353,000, but was not awarded because it exceeded the City's budget at that time.

The Aquatics Center was rebid last month with a low bid of \$3,530,249. It is on the September 22, 2010, City Council agenda with a staff recommendation to award.

The \$822,751 (19% difference) price difference between the 2008 and 2010 bid prices is due to a combination of:

- Depressed conditions in the current construction market
- No prevailing wages on the current bid

The Harbor Aquatic Center bid is a "lump sum" price without a breakdown between labor and material, or the individual trades. In response to the City's inquiry about the impact of no prevailing wages on the bid results, the contractor replied with the attached e-mail indicating a savings of 12 to 18% for omitting prevailing wages.

If additional information is needed, please contact Gary Kellison.

c: Don Hadley
George Buell
Scott Smith
Frank Quan
Nathan Mertz

Don Hadley

From: Ben Menasherov [BMenasherov@SMCCON.com]
Sent: Wednesday, September 08, 2010 11:00 AM
To: Nathan Mertz
Cc: Gary Kellison; Scott Smith; Don Hadley; Frank Quan; Al Chegini
Subject: RE: Harbor Aquatics Center Prevailing Wage vs Non-Prevailing Wage Projects

Nathan,

I just checked with my estimating department and please keep in mind that each subcontractor and contractor's wages are different regarding non prevailing rates. We have seen that there is a cost savings of anywhere from 12 to 18% versus prevailing wage work.

In addition the material and equipment costs have also dropped significantly in the past couple of years.

In summary projects in Southern California are coming in approximately 20 to 30% less than they were two years ago.

Hope this helps,

Take care,

Ben Menasherov
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-----Original Message-----

From: Nathan Mertz [mailto:NMertz@ci.oceanside.ca.us]
Sent: Wednesday, September 08, 2010 10:34 AM
To: Ben Menasherov
Cc: Gary Kellison; Scott Smith; Don Hadley; Frank Quan
Subject: Harbor Aquatics Center Prevailing Wage vs Non-Prevailing Wage Projects

Hi Ben

As discussed will you please send information in regards to any opinions on cost savings for non-prevailing wage vs. prevailing wage projects.

General percentages or specific percentages to our project will work -- thanks!

Nathan Mertz