



October 16, 2009

Ernesto S. Ramirez
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Subject: Recommendations regarding Gilbane's MEP Bids
Laney Athletic Fields & Field House Project 2338

During the last few weeks we have been conducting check estimates and working with you, Gilbane Construction and the third party estimators from O'Connor CMI to try to evaluate the DD Estimate and the Gilbane MEP Recommendations to Award dated September 11, 2009. Since the MEP scope of work has a substantive cost in relation to the total project cost; we have taken a considerable amount of time and effort to evaluate first the Gilbane DD Estimate presented at the beginning of September and later the recommendations for award on the Design/Build subcontracts proposed by Gilbane.

It must be noted that Gilbane took it upon themselves to bid out the MEP Scope as a Design/Build set of subcontracts. They also proceeded to bid the work without truly following the Contract provisions related to open bidding and following the outreach intent. Gilbane has been pressing for the District to authorize the award when, they did not disclose beforehand their bidding procedures and the general conditions related to the bidding and subcontracting practices.

We assume that the D/B scope of work was the DD submittal as provided for review to the District, not one that had been fully approved by the District. The Scope Description was fairly complete but not fully approved by the District. Sherry Katz and now you and I have had to request Gilbane to disclose the details related to the procurement process and actual bids on several occasions; and to this day we are still requesting full disclosure.

As you requested before, I have reviewed their bidding process as they have disclosed it and it appears to be adequate and complete. The big issue is the fact that the prequalified bidders were limited to four bidders, for each discipline, and that there was a lack of extensive outreach and open public bidding. It must be noted that Design/Build subcontracts of this nature are not commonly used in educational facilities; therefore there are a limited amount of contractors qualified to deliver that type of work.

As you know, we have had substantive disagreements with the Gilbane estimates and I believe that both O'Connor and Cordoba have generally been in



agreement that the DD estimate by Gilbane is high. At this time, I am focusing on providing you with recommendations pertaining to the MEP Design/Build subcontracts.

MECHANICAL D/B SUBCONTRACT

The O'Connor estimate and Cordoba's estimate for the basic scope of work covered by the Mechanical subcontractor is within 10% of the expected cost. Both, O'Connor and Cordoba agree that the basic cost is justified. In their bid they have an allowance for Engineering and Project Management; I believe that the engineering fee is already covered in the Gilbane A/E fee and that the Project Management fee should be included in the Overhead of the subcontractor or in the Gilbane General Conditions or fees. The 15% overhead should include profit, as it is customary in the industry. Keeping in mind that it was a competitive bid; it is justified. It was easy to follow the justification for costs provided by Critchfield, the scope is relatively clear.

We recommend that you allow the contract to be awarded, provided you withhold the items related to design and project management.

ELECTRICAL SUBCONTRACT

The review of the basic scope of work related to the Field House is fairly clear, however neither O'Connor nor Cordoba has a good understanding of what is in scope. Gilbane has been unable to provide the backup to justify the significant difference between our estimates and the bid. I am attaching the summary that Rob Muir presented yesterday since he took into consideration the Cordoba input. We are still \$300,000 apart from the bid amount. Specifically we need to know more about subcontractor costs or bids, such as:

- Fire Alarm design and construction costs
- Network hardware and connections. What is in scope?
- AV subcontract scope and vendor equipment cost information,
- If the Baseball Field Lighting is included; what is included and the related cost.
- High Voltage subcontractor costs, what is included?
- Security System infrastructure costs, what equipment is in scope?
- PV System infrastructure cost, what is included in scope?

We recommend that you do not allow this contract to be awarded until the scope of work is fully resolved and the bidder fully discloses his bid details. Maybe it would be prudent to get the scope fully documented first, second, have the bidder/s match the scope to price or simply have the item re-bid. In any case the same issues with engineering and PM may apply.



CORDOBA CORPORATION

I hope that this letter serves to clarify our recommendations and look to you for direction relative to anything else we can do for the Project.

Sincerely,

**Angel A. Alvarez P.E. CEA
Construction Manager
Córdoba Corporation**