

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: DAVID MONTAGUE, SUPERVISING ENGINEER
TRANSPORTATION AND PUBLIC WORKS
SUBJECT: REJECT ALL BIDS – NEIGHBORHOOD STREETS INITIATIVE
OVERLAY 2016

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Transportation and Public Works Department that the Council, by resolution, reject all bids for Construction Contract No. C02070 for the Neighborhood Streets Initiative Overlay 2016.

EXECUTIVE SUMMARY

This resolution will reject both bids submitted for the Neighborhood Streets Initiative Overlay 2016, per City Code § 3-44.100. The recommendation is made because the low bidder has claimed a clerical error was made in its bid and requested relief as allowed in the Public Contract Code, and the second bid exceeds the budget allocation for the Neighborhood Streets Initiative.

BACKGROUND

In February 2016, the City Council identified its top five priorities for Fiscal Year 2016/2017, which included a priority to create a plan to deal with infrastructure and deferred maintenance throughout the community.

On May 25, 2016 staff presented the Neighborhood Streets Initiative to the Community Advisory Board (CAB) with a description of how staff selects candidate streets and associated maintenance treatments. The CAB members were educated on the current condition of our city streets as well as the current funding deficiencies to maintain our streets in good condition. Staff outlined the prioritization factors used in selecting candidate streets and how they would be equitably distributed throughout the city. Recognizing the interest in having this \$3 million investment placed on the streets this construction season, staff outlined a series of recommendations that included maintenance treatments on neighborhood area roads in all four quadrants of the city.

REJECT ALL BIDS – NEIGHBORHOOD STREETS INITIATIVE OVERLAY 2016

PAGE 2 OF 3

Treatments included a combination of both slurry seal and asphalt overlay in an effort to demonstrate a larger impact for the communities.

On June 22, the CAB reviewed the lists and maps of streets proposed for the Neighborhood Streets Initiative 2016 projects and supported bringing to Council for implementation.

PRIOR CITY COUNCIL REVIEW

On June 7, 2016, the Council directed the Finance Department to include funding the Neighborhood Streets Initiative in the amount of \$3,000,000 within the FY 2016-17 budget and directed staff to implement the program recommendations from the Community Advisory Board.

On June 15, 2016, the Council approved the FY 2016-17 budget that included \$3,000,000 of General Fund funding for the Neighborhood Streets Initiative.

On July 19, 2016, the Council awarded the Neighborhood Streets Initiative Slurry Seal 2016 project with a budget of \$685,434, including contingency and contract administration.

ANALYSIS

1. The project was advertised on June 24, 2016, and bids were received on July 13, 2016. A total of two (2) bids were received, ranging from \$1,761,140.00 to \$2,222,180.00. The low bid was 1.41% under the Engineer's estimate.
2. On July 18, 2016, we received a request from the apparent low bidder, Ghilotti Construction, to be relieved of its low bid due to a \$73,710 clerical error. We agree that a clerical error was made based on the written statement from Ghilotti Construction's estimating manager. The error reduced Ghilotti's bid by 4%. Section 5106 of the Public Contract Code allows for award to the second low bidder if the successful bidder is relieved of its bid or fails to execute the contract for other reasons.
3. The second low bid, submitted by Argonaut Constructors, Inc., was 24.4% over the engineer's estimate. As shown below, awarding the contract to the second low bidder would exceed the allocated budget for the Neighborhood Streets Initiative.

REJECT ALL BIDS – NEIGHBORHOOD STREETS INITIATIVE OVERLAY 2016
PAGE 3 OF 3

<u>Neighborhood Streets Initiative</u>		<u>\$3,000,000.00</u>
2016 Slurry Award	\$571,195.00	
10% Contingency	\$57,119.50	
10% Contract Administration	<u>\$57,119.50</u>	
Slurry Budget		<\$685,434.00>
2016 Overlay Second low bid	\$2,222,180.00	
10% Contingency	\$222,218.00	
10% Contract Administration	<u>\$222,218.00</u>	
Overlay Budget if awarded		<u><\$2,666,616.00></u>
Shortfall		<\$352,050.00>

A new Neighborhood Streets Initiative Overlay Project will be prepared and programmed for construction in Spring of 2017.

FISCAL IMPACT

This action has no fiscal impact.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

The CAB discussed the Neighborhood Streets Initiative at their May 25 and June 22, 2016 meetings.

NOTIFICATION

Not applicable

ATTACHMENTS

- Attachment 1 – Overlay List and Location Maps
- Attachment 2 – Summary of Bids

CONTACT

David Montague, Supervising Engineer