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**Title:** Reject the sole bid received for the Rebid Requirements Contract to Furnish & Install Polyethylene Water Service Replacements (Bid File 9629) (Citywide).

**Sponsors:** Department of Public Utilities

**Indexes:**

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**Attachments:** 1. Attachment 1 - Bid Evaluation & Fiscal Impact Statement.pdf

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**REPORT TO THE CITY COUNCIL**

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**SUBJECT**

Reject the sole bid received for the Rebid Requirements Contract to Furnish & Install Polyethylene Water Service Replacements (Bid File 9629) (Citywide).

**RECOMMENDATION**

Staff recommends that City Council reject the sole bid received for the Rebid Requirements Contract to Furnish & Install Polyethylene Water Service Replacements (Project).

**EXECUTIVE SUMMARY**

The Department of Public Utilities (DPU), Water Division, seeks to reject the sole bid received for requirements contract for the replacement of failing polyethylene water service lines (services) throughout the City. The sole bid received was significantly higher than the Engineer’s Estimate. Therefore, staff recommends rejection of the sole bid received for the Project.

## **BACKGROUND**

The DPU, Water Division, installs and maintains infrastructure which includes residential and commercial services ranging in size from ¾-inch to 2-inch. The services have typically been constructed of various material types, including polyethylene. The polyethylene services, which were industry standards at the time of installation, have been failing due to substandard material issues. Water Division personnel have been replacing the failing polyethylene services on an as-needed basis.

The Project is a rebid of a Requirements Contract for Polyethylene Water Service Replacements (Bid File 9583). To establish a requirements contract for the Project, DPU solicited contractor services through the City's competitive bidding process. The process resulted in a sole bid submitted by West Valley Construction Company, Inc., in the amount of \$11,791,725. Following an evaluation process, the bid was deemed excessive with City Council ultimately rejecting the bid.

As a matter of re-advertising the Project, staff re-evaluated the construction scope, industry conditions, and contract requirements. Upon incorporating necessary revisions, DPU solicited contractor services through the City's competitive bidding process. A Notice Inviting Bids was published in the Business Journal and posted on the City's Planet Bids website on April 4, 2022. Project specifications were distributed to 12 prospective bidders. One sealed bid was received and unsealed in a public opening on May 10, 2022.

The sole bid submitted by West Valley Construction Company, Inc., in the amount of \$3,189,673 exceeds the Engineer's Estimate of \$2,000,000 and was deemed excessively high during the bid evaluation process.

Following two attempts to bid the Project, and evaluation of contractor bids, it has been determined that Water Division personnel can perform service replacements at a significantly lower cost than outsourcing the work. Additionally, the workload associated with replacements though high in volume is manageable in fiscal year 2023 and therefore Water Division personnel will continue to perform the service replacements. For these reasons, staff recommends City Council reject the bid.

## **ENVIRONMENTAL FINDINGS**

By definition provided in the California Environmental Quality Act (CEQA) Guidelines Section 15378, the rejection of all bids does not qualify as a "project" and is therefore exempt from the CEQA requirements.

## **LOCAL PREFERENCE**

Local preference is not applicable as this action is not award of a contract.

## **FISCAL IMPACT**

The rejection of all bids has no financial impact to the Water Division's Enterprise Fund or General Fund.

Attachment:

Attachment 1 - Bid Evaluation & Fiscal Impact Statement