

Patricia Diep  
City of Fresno  
5607 West Jensen Avenue  
Fresno, California 93706-9458

November 20, 2014  
File No. 213-0244

**Subject: Sewer Rehabilitation in West and Weber Avenues  
Discussion of Higher-Than-Expected Bid Prices**

Dear Patricia:

The project was first put out to bid by the City and bids were opened on April 8, 2014. The original engineer's estimate was based on historical bid prices, and was estimated in a similar manner to many previous projects. The low bid was approximately 41% over the engineer's estimate. Approximately a week after bids were opened, the City scheduled a meeting with other City personnel to discuss the technical specifications and the recent bid opening results. Several sewer rehabilitation contractors were also invited to attend, and one accepted the invitation.

The meeting included a discussion of the technical specifications for the project, including the provisions to provide a credit to the City for wrinkles in the installed liner. Similar provisions have been used on several prior projects, and the more recent of these projects have resulted in fairly substantial wrinkle credits and numerous complaints from contractors that the City's allowable wrinkle tolerance was below industry standards. The technical specifications also did not provide a required time duration in which the City must provide an acceptance or rejection of CCTV inspections. Several recent contractors have expressed their concern that the unknown length of time makes it difficult to prepare a bid for similar projects, and it is believed that this has led to higher bid prices.

The City decided to reject all bids and rebid the project. The technical specifications were revised to conform to what was discussed at the meeting. Additionally, the City decided to reduce the overall length of the required rehabilitation by approximately 20% due to a portion of the project being affected by the High Speed Rail project. The portion of the project that was eliminated included the crossing of an existing railroad, and it was expected that the elimination would provide a substantial cost reduction for the project. The initial bypass pumping estimate was reconsidered based the as-bid prices, and increased by approximately 63%. The costs for several other bid items were also reconsidered and the revised engineer's estimate was approximately 6% lower than the original estimate, and the scope of the project had been substantially reduced.

Bids for the rebid were opened on October 28, 2014. This time the low bid was approximately 40% over the engineer's estimate. There were only three bidders each time, and two of them provided bids for both the bid and the rebid. One of them submitted a rebid that was 11% lower than the original bid, and the other submitted a bid that was 7% higher than the original bid. Unfortunately, the low bidder was considered non-responsive, so the responsive low bid is approximately 61% over the engineer's estimate.



An analysis of the bid tabulations of both the bid and the rebid shows that the average bid for bypass pumping was approximately 30% higher on the rebid, and the average bid for traffic control was approximately 51% higher on the rebid. During a discussion with one of the bypass subcontractors, he revealed that the complex part of this project is the upstream end, which was still included in the project during the rebid. He stated that the more they looked at the project during the rebid, the more they felt they had to raise their bid. No similar explanation for the increase in the traffic control bid can be found, other than the slight increase in labor costs between the bid and the rebid.

The exact reasons for the higher-than-expected bid prices are unknown, but there are several possibilities. One of them, as discussed above, is the complexity of the bypass pumping part of the project was apparently underestimated during preparation of the engineer's estimate. It was believed that the reduction in the scope of the project would result in more savings in bypass pumping costs, but this was not the case. Another possible reason is that according to the construction journals it appears that the rehabilitation contractors are very busy now, and they seem to have plenty of work to keep their crews busy. Accordingly, it is reasonable that they might submit higher bids if they are not desperate for the work. Finally, it is possible that many of the pumps and pumping equipment that would normally be available for bypass pumping contractors are currently tied up dealing with the current drought that the State of California is experiencing. During an unrelated discussion, a pumping contractor told us that pumps and related equipment are currently difficult to obtain, since they are busy moving around what little water there is.

Please let me know if you have any questions or need anything further.

Best regards,

BLAIR, CHURCH & FLYNN CONSULTING ENGINEERS



Timothy Flynn, PE  
Project Engineer