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(Council District 5, Fresno County)
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REPORT TO THE CITY COUNCIL

May 25, 2017

FROM: THOMAS C. ESQUEDA, Director
Department of Public Utilities

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Department of Public Utilities - Water Division

SUBJECT

Reject all bids to the Phase 2 Regional Transmission Mains Segment B Project (Bid File 3451)
(Council District 5, Fresno County)

RECOMMENDATION

Staff recommends the City Council reject all bids received for the Phase 2 Regional Transmission Mains Segment B Project.

EXECUTIVE SUMMARY

The Department of Public Utilities, Water Division, is seeking to reject all bids received for the Phase 2 Regional Transmission Mains Segment B Project. There were three bids submitted, the two lowest bidders were not responsive to Good Faith Effort requirements, and the third bid was \$1,777,623, or 47%, above the engineer's estimate of \$3,800,000.

BACKGROUND

On February 26, 2015, the City Council adopted a five-year water utility rate plan to finance the construction of a five-year water capital plan totaling approximately \$429 million. The five-year capital plan included the construction of the Phase 2 Regional Transmission Mains that will convey water from the Southeast Surface Water Treatment Facility (Facility) to the existing water distribution system through a network of approximately 13 miles of large diameter pipelines. The Project is the third of four Phase 2 Regional Transmission Main segments that will be constructed and it includes the construction of approximately 1.25 miles of 42- to 20-inch diameter pipeline.

On January 7, 2016, the City Council authorized the Director of Public Utilities to accept and execute a \$63,100,000 SRF Low-Interest Loan through the Board for construction of the Phase 2 Regional Transmission Mains. The SRF low-interest loan will fully finance the construction of the Phase 2 Regional Transmission Mains.

Contractor Pre-Qualification Process

In accordance with the Construction Management Act, the Department of Public Utilities solicited statements of qualifications for pre-qualification for general contractor services. Announcements requesting Pre-Qualification for General Contractor Services for the construction of the Project were published on February 18, 2016, in the Fresno Business Journal and posted to the City's PlanetBids Online site. The City received 14 pre-qualification submittals. Pre-qualification submittals were opened on March 18, 2016. The submittals were evaluated by the Water Division's selection committee utilizing the criteria outlined in the pre-qualification package. A total of 12 general contractors met the pre-qualification requirements.

Construction Bidding Process

On February 22, 2017, a mandatory project pre-bid meeting was held at the Department of Public Utilities - Water Division, Program Management and Engineering Office, located at the City's Municipal Services Center. Four pre-qualified firms attended the mandatory pre-bid meeting. On February 10, 2017, the completed project plans and specifications were advertised in the Business Journal.

On April 4, 2017, three sealed bid proposals were received and publicly opened. The bid proposal prices were between \$5,145,030 and \$5,577,623. However, the two lowest bidders were not responsive to Good Faith Effort requirements, and the third bid was \$1,777,623, or 47%, above the engineer's estimate of \$3,800,000. Therefore all bids must be rejected and the project re-bid.

Staff is in the process of revising the technical bid documents to help provide a more competitive bid price when the project is re-advertised. Segment B will be combined with Segment C, which would have been the fourth and final segment to be constructed in this project. Combining the two segments will result in a larger project that will achieve a better economy of scale and potentially attract a larger and more competitive pool of contractors.

ENVIRONMENTAL FINDINGS

By the definition provided in the California Environmental Quality Act (CEQA) Guidelines Section

15378, the rejection of all bids does not qualify as a “project”, for the purposes of CEQA.

LOCAL PREFERENCE

Local preference was not implemented because Department of Public Utilities, Waste Division, is seeking to reject all bids received for the Phase 2 Regional Transmission Mains Segment B Project.

FISCAL IMPACT

The rejection of all bids will result in no financial impact to the General Fund or Water Enterprise Fund. This project is identified in the five year capital improvement plan and is located in Council District 5 and Fresno County.

Attachment:
Bid Evaluation