

COUNCIL AGENDA: NOVEMBER 5, 2013

SUBJECT: BID RESULTS FOR MATHEW STREET SHOULDER STABILIZATION PROJECT

SOURCE: Public Works Department - Engineering Division

COMMENT: On October 24, 2013, staff received three (3) bids for the Mathew Street Shoulder Stabilization Project. The proposed project consists of the installation of curb and gutter, sidewalk, driveways, asphalt concrete paving, and other appurtenant construction along Mathew Street between Olive Avenue and Tomah Avenue. Re-striping Mathew Street between Olive Avenue and Morton Avenue is also a component of the project. Unfortunately, two (2) of the bids were not in compliance with the specifications for this federally funded project and must be deemed non-responsive. The bids are as follows:

	<u>Contractor</u>	<u>Amount</u>
1.	Seal Rite Paving & Grading Fresno, CA	\$246,577.00*
2.	Serna Construction Fresno, CA	\$279,951.00*
3.	Lee's Paving Visalia, CA	\$316,527.70

*Non-Responsive Bid

The Estimate of Probable Cost for construction is \$233,115. The lowest responsive bid is 35.8% over the estimate. An additional \$31,652.77 is necessary for the construction contingency (10%) and it is anticipated that an additional \$15,826.38 (5%) is needed for construction management, quality control, and inspection services for a total estimated project cost of \$364,006.85. Pursuant to current policy adopted by City Council during the September 4, 2012, meeting, the low responsive bid would normally be rejected (exceeding 10% of the Engineer's Estimate of Probable Cost).

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However, the Congestion Mitigation Air Quality (CMAQ) Grant will fund 88.53% of "participating" construction items specific to shoulder stabilization (i.e., curbs, gutters, sidewalks, ADA ramps and minor paveout). The Mathew Street project requires full reconstruction within the project limits and a high percentage of the work is considered "non-participating". Measure R Alternative Transportation Funds and Local Transportation Funds are the funding sources for the "non-participating" items of work and the 11.53% grant match. Below is a summary of available funding based on funding authority documents (E-76) from Caltrans:

CALTRANS CONSTRUCTION E-76 (FINAL) FUNDING SUMMARY:

Congestion Mitigation & Air Quality Grant (CMAQ):	\$ 58,988
Measure R Alternative Transportation Fund:	\$102,900
Local Transportation Fund:	<u>\$115,000</u>
Total	\$276,888

The question before the Council is whether to award or reject awarding a contract to the lowest responsible bidder. The pros of awarding a contract or rejecting all bids are listed below:

PROS TO AWARDING CONTRACT:

- *Under Caltrans & FHWA rules, the awarding agency (City) must invoice for construction reimbursement dollars within 6 months of receiving the E-76. Failure to invoice within 6 months of receiving an E-76 may jeopardize the CMAQ grant. Staff is inquiring with Caltrans for a construction billing extension and hope to announce a decision during this meeting.*

This rule can be satisfied if a contract is awarded to the lowest responsible bidder during tonight's Council meeting. Invoicing within the 6 month time period becomes questionable if an award is not made during tonight's Council meeting because re-advertising the project will force the project to begin in early to late spring.

- *Save on re-advertisement costs.*
- *The contract documents are geared towards a winter school break completion date. The contractor will be penalized significantly if the project is not completed during this "end of year" school break.*

PROS TO REJECTING ALL BIDS:

- *Potential construction cost savings if re-bid. This may be the case if the two low bidders resubmit their bids and provide proper Disadvantaged Business Enterprise (DBE) documentation.*
- *Appropriation of an additional \$90,000 to \$100,000 of unallocated Local Transportation funds will be necessary to finance the lowest responsible bidder. Rejection of all bids and rebidding the project may negate this budget appropriation.*

Although the possibility exists that the City will receive favorable bids if we re-advertise, there are no guarantees that the City will receive less costly bids. The fact of the matter is that construction bids are climbing to pre-2008 levels throughout the valley.

RECOMMENDATION: That City Council direct staff to:

1. Award the Mathew Street Shoulder Stabilization Project to Lee's Paving in the amount of \$316,527.70, inclusive of a 10% contingency to cover unforeseen construction costs and 5% for construction management, quality control and inspection and direct the Finance Director to prepare a budget adjustment to the project in the amount of \$100,000; or
2. Reject all bids and authorize the City Engineer to advertise for new bids with the full understanding that the CMAQ Grant may not be available to pay for the concrete improvements associated with the project.

ATTACHMENT: Locator Map