

December 5, 2016

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT

Motion to award Bid No. 16010 for Service Saddle Replacement 2016 to Bonner Brothers Construction, Inc., as the lowest responsible and responsive bidder in the amount of \$412,897.13 (CIP Plan No. W-99).

FISCAL IMPACT

Awarding this bid commits the City to payment of \$412,897.13. This contract is fully funded through the Utility's Water Service Line and Saddle Replacement Program (CIP Plan No. W-99). This amount is approximately 19.2 percent below the Engineer's Estimate. Sufficient funds have been budgeted to fund this contract in the 2017-2018 Utilities CIP Budget.

STAFF CONTACTS

Nav Otal, Director, 452-2041

Paul Bucich, Assistant Director of Engineering, 452-4596

Utilities Department

POLICY CONSIDERATION

Utilities Department policies:

- Investing resources as necessary to construct, maintain and renew water system infrastructure and equipment so that Utility customers are provided with consistent, reliable service.

Utilities Department practice:

- Replace deteriorated elements of the water system to provide utility customers with consistent, reliable service. CIP Plan No. W-99 has been designated to do this.

City contracting policies:

- BCC 4.28 provides for fair and equitable treatment in the purchasing process. Because the amount of the contract exceeds \$35,000, Council approval is required.

BACKGROUND

The Water Service Saddle Replacement Program provides the means for a proactive approach towards maintaining the function of water service saddles and service lines. It supports consistent long-term customer service levels by reducing the number of service saddle failures and resulting service interruptions and property damage. The expected result is increased customer satisfaction, reduced service interruptions and a reduction in anticipated claims as the system ages.

As part of the Water Services Saddle Replacement Program, the City went out to bid for replacement of 63 water service saddles and 33 associated water service lines at three different sites; Newport Way SE, Towne Square Condominiums at Bellevue Way NE and NE 17th Street and 123rd Avenue SE. These sites were chosen based on past failure history and in coordination with upcoming overlay and pavement restoration requirements. Water service lines and service saddle failures are based on various factors such as age of the water services saddles and service lines, material type of the saddles and services, surrounding soil type, corrosiveness of the soil, and groundwater conditions. Since most of those

services and saddles are installed at the same time within the same soil and ground water environment, the possibility of future failure is high within the project limits based on previous history. Two of the three project sites; Newport Way and Towne Square Condominiums are under the upcoming transportation overlay and private property overlay respectively and therefore, construction needs to be completed at those two sites before April 2017.

Bids were opened on November 1, 2016 and are as follows:

Bonner Brothers Construction	\$412,897.13*
Kar-Vel Construction	472,908.60
R.L. Alia Company	551,151.83
Laser Underground	631,596.00
Jansen, Inc.	663,868.28
AXUM General Construction	816,751.06**
ACI	849,747.38
DPK	867,070.28

Engineer's Estimate \$511,233.61

*Bonner Brothers Construction is the apparent low bidder with a bid price of \$412,897.13. Their original reported total bid price was \$411,802.13; however, a non-substantive mathematical error was identified and their bid was re-calculated resulting in an actual bid price \$412,897.13. This revised bid was deemed competitive, accurate and remained the apparent low bid.

**AXUM original reported total bid price was \$816,586.02; however, a non-substantive mathematical error was identified and their bid was re-calculated resulting in an actual bid price \$816,751.06.

A bid protest was received from the second apparent low bidder claiming that the apparent low bidder (Bonner Brothers Construction) exceeded the mobilization limit (the cost to activate and transfer equipment and labor resources to the construction site) which would make the apparent second low bidder the lowest responsible bidder. The project contract specification has a mobilization limit of 5 percent of all other bid items excluding taxes. This limit of mobilization is intended to avoid a bid amount that could be detrimental to the project. However, the project specification also states that the City may disqualify bids which exceed this limit. This statement gives the City the discretion to award a project whose mobilization limit exceeds 5 percent. Any decision to award is done on a case-by-case basis depending on whether such mobilization bid price is detrimental to the project.

Staff reviewed the project in detail against the bid amount and the bid prices to make sure the low bidder's mobilization price is not detrimental to the City. Based on this evaluation and consultation with the City Attorney's Office staff does not find that accepting the apparent low bid will be detrimental and recommends awarding the contract to the low bidder, Bonner Brothers Construction, in accordance with the criteria set forth in the contract documents.

To the best of staff's knowledge, all factors that normally contribute to construction expense have been accounted for in the plans and in the Engineer's Estimate. It is our experience that construction projects of this type may result in some amount of field changes. Such claims are rigorously reviewed and only

those that are clearly necessary to accomplish the intent of the contract, but have somehow not been provided for, will be paid.

EFFECTIVE DATE

If approved, this Motion becomes effective immediately upon Council adoption.

OPTIONS

1. Award Bid No. 16010 for Service Saddle Replacement 2016 to Bonner Brothers Construction, Inc., as the lowest responsible and responsive bidder in the amount of \$412,897.13 (CIP Plan No. W-99).
2. Award contract to another bidder, if low bidder is rejected.
3. Reject all bids and re-bid at a later date.

RECOMMENDATION

Option 1.

This contractor has satisfactorily performed similar projects for the City in the past.

MOTION

Move to award Bid No. 16010 for Service Saddle Replacement 2016 to Bonner Brothers Construction, Inc., as the lowest responsible and responsive bidder in the amount of \$412,897.13 (CIP Plan No. W-99).

ATTACHMENTS

CIP Project Description
Vicinity Map

AVAILABLE IN COUNCIL DOCUMENT LIBRARY

N/A