

Agenda Report

TO: CITY COUNCIL

April 26, 2004

FROM: City Manager

SUBJECT: Rejection of Bids - Street Lighting Improvements on Lake Avenue from Maple Street to Elizabeth Street and Other Locations

RECOMMENDATION:

It is recommended that the City Council reject all bids received on March 31, 2004, in response to the specifications for Street Lighting Improvements on Lake Avenue from Maple Street to Elizabeth Street and Other Locations and authorize the City Manager to call for new bids.

BACKGROUND:

This project called for the installation of new historic type post-top metal standards on Lake Avenue from Elizabeth Street to Maple Street, Washington Boulevard from El Molino Avenue to Catalina Avenue, and Orange Grove Boulevard from El Mira Street to Mentor Avenue. The North Lake Avenue Specific Plan, adopted by the City Council on June 30, 1997, specifies the historic lighting fixtures only on Lake Avenue.

Staff worked with the North Lake Avenue Working Group in the selection of the light type and limits of the project. Preliminary project estimates indicated that the lighting cost would be less than the available funds. Several options for the use of the excess funds were presenting to the Working Group. The Group requested that these funds be used to expand the lighting to include those portions of Washington Boulevard and Orange Grove Boulevard within the limits of the specific plan area.

Following advertising, bids were received on March 31, 2004 as follows:

	Bidder	Bid Amount
1.	Pro Tech Engineering Corp., Anaheim	\$ 750,799
2.	Steiny and Company, Baldwin Park	\$ 829,000
3.	Comet Electric Inc., Canoga Park	\$ 1,013,700
	Engineer's Estimate	\$ 616,200

The low bid exceeds the Engineer's Estimate by 21.84% and exceeds the available funding.

Staff has contacted the bidders and pole suppliers and has determined that the main reason for these higher than expected bids is the recent escalation of steel prices. The price of steel has risen over 100% since staff received price quotations for the poles specified for this project. The steel market is quite unstable and prices continue to rise.

Due to the unexpected cost increase, it is recommended that all bids be rejected and the project be re-advertised. In order to reduce the cost, the City will advertise two projects, one for the purchase of poles needed for this project and another for their installation.

In talking to the bidders and suppliers, it appears that all bids were based on poles from the same pole manufacturer. Staff has located a pole supplier who has not increased prices commensurate with the increases in steel prices. By bidding for the poles separately, it is expected that the prices will be more competitive. Also, the bids for the purchase of the poles will be opened prior to the opening of the bids for the pole installation. If the price for the purchase of the poles is still too high, then an addendum can be issued for the installation project to eliminate the work on Washington Boulevard and/or Orange Grove Boulevard. Re-bidding this project will delay construction six to eight weeks from the original construction dates.

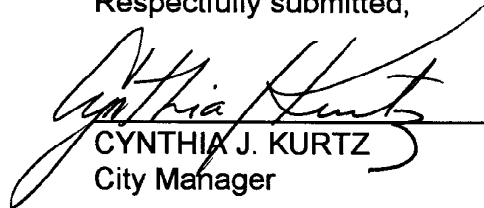
Staff advised the North Lake Avenue Working Group of these developments at its meeting on April 21, 2004.

Following re-advertising and contract awards, it is anticipated that construction will begin in July 2004 and be completed in November 2004.


FISCAL IMPACT:

Other than minor staff and printing costs, rejecting these bids and re-advertising will have no fiscal impact on this project.

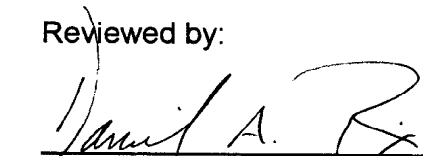
Respectfully submitted,


CYNTHIA J. KURTZ
City Manager

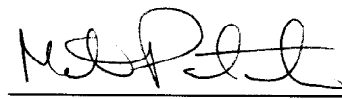
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