

# Agenda Report

June 8, 2015

**TO:** Honorable Mayor and City Council

**THROUGH:** Municipal Services Committee (May 26, 2015)

**FROM:** Department of Public Works

**SUBJECT:** **CONTRACT AWARD TO VCI UTILITY SERVICES, INC. DBA VANTAGE UTILITY SERVICES FOR UTILITY DISTRICT HILL AVENUE (VILLA STREET TO NORTH CITY LIMIT) PRIVATE PROPERTY OVERHEAD TO UNDERGROUND ELECTRIC SERVICE CONVERSION, FOR AN AMOUNT NOT TO EXCEED \$1,601,700.**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find the project proposed herein to be exempt from California Environmental Quality Act (CEQA) review pursuant to State CEQA Guidelines Section 15302(d), Replacement or Reconstruction, Conversion of Overhead Electric Utility Distribution System Facilities to Underground; and
2. Accept the bid dated April 29, 2015, submitted by VCI Utility Services, Inc. dba Vantage Utility Services in response to the Specifications for Utility District Hill Avenue (Villa Street to North City Limit) Private Property Overhead to Underground Electric Service Conversion, and authorize the City Manager to enter into such contract for an amount not to exceed \$1,601,700.

## **BACKGROUND:**

The Hill Avenue Underground Utility District, established in fiscal year 2005, provides for the undergrounding of electrical, cable and telephone utilities and the installation of a new street lighting system on Hill Avenue from Villa Street to the North City Limit.

In August 2013 a contract was awarded to construct the underground electrical conduit systems within the public right-of-way on Hill Avenue from Villa Street to the North City Limit. The construction of the underground substructures was completed in 2014 and the electrical portion of the work, such as the purchase of the electrical cable, cable pulling and terminating, is currently being performed by the Pasadena Water and Power (PWP) Department. The construction of the underground electrical conduit systems

within the public right-of-way included the installation of a lateral terminated at the property line of each private parcel within the Hill Avenue Underground Utility District. The next phase of the Hill Avenue utility undergrounding project requires that the overhead electrical, cable and telephone services on private property be converted to underground. This work includes the installation of conduits on private property and electrical panel service connections and must be completed before the utility poles and overhead, electrical, telephone and cable wires can be removed. For previous undergrounding districts, each property owner hired their own contractor to perform the electrical service undergrounding work on their property and received a reimbursement (\$3,000 maximum) from the City. To expedite and facilitate the undergrounding work on private property, the departments of Public Works and Water and Power recommend securing the services of a single general contractor to perform this work for the property owners. The work of this single contractor would be managed by the Water and Power Department.

The Department of Public Works sent letters to the affected property owners on Hill Avenue to inform them of the options for utility undergrounding on their property. Property owners who chose to use the City's contractor have furnished the City with a signed "Right of Entry." Property owners who do not wish to utilize the City's contractor must go through the process of procuring their own contractor.

A finding of compliance with the General Plan was previously made and is shown on page 4.2 of the FY 2015 Capital Improvement Program.

The departments of Public Works and Water and Power prepared specifications for this project and in accordance with Section 4.08.070 of the Pasadena Municipal Code, bids have been received. The project was advertised in the *Pasadena Journal* on March 26, 2015. In addition, the Notice Inviting Bids was published in five trade publications and listed on the City's website. A mandatory pre-bid meeting was held on April 8, 2015 to discuss the project specifics with interested bidders. Fourteen contractors were represented at the meeting, who were required to sign-in to register as a prospective bidder on this project. Bid packets were obtained by 16 contractors, three of whom submitted bids for the project.

Following advertising, bids were received on April 29, 2015, and are as follows:

Bidder	Amount (\$)
1. VCI Utility Services, Inc., Upland, CA	\$1,334,729
2. Minako America Corporation, Gardena, CA	\$1,379,200
3. Torres Construction Corp., Los Angeles, CA	Non-Responsive

The lowest responsible bid received was 94 percent higher than the Engineer's Estimate of \$689,200. This is the first time the City has attempted to secure the services of a single general contractor to perform the undergrounding work on private property and it is apparent from the bid results that the project cost was significantly underestimated. The Engineer's Estimate of \$689,200 accounts for utility service undergrounding on 146 private property parcels at an average cost of approximately

\$4,700 per property. Staff from the departments of Public Works and Water and Power met with the apparent low bidder to gain a better understanding of the bid prices. Factors that contributed to the high bids include the project requirements to: pay prevailing wages; install conduit by way of open trenching, which will require hand digging; and restore existing private improvements in-kind. The level of restoration work on each private property is a significant unknown going into the project and is thereby reflected in the bids. Furthermore the bidder's unit costs are based on certain assumptions (i.e. average length of conduit). Allowances have been made for both additions and deductions to the unit costs, which will be taken based on actual work performed.

The departments of Public Works and Water and Power recommend that VCI Utility Services, Inc. be awarded a contract for this project, as Torres Construction Corp. formally withdrew their bid due to calculation errors, making VCI Utility Services, Inc. the lowest responsive and responsible bidder. The proposed contract with VCI Utility Services, Inc. fully complies with the Competitive Bidding and Living Wage Ordinances. In addition, the proposed contract fully complies with the Prevailing Wage Law (Senate Bill 7) per Resolution 9406 adopted by the City Council on December 15, 2014. The Contractor has indicated that the award of this contract will result in no new hires to its present workforce.

VCI Utility Services, Inc. is not currently contracted for other work for the City of Pasadena, but has previously worked in the City as a subcontractor on the Underground Electrical Conduit Systems in Hill Avenue project for the Water and Power Department.

The contract will be set up as follows:

Base Bid	\$1,334,729
Contingency Allowance	<u>\$ 266,971</u>
Contract Not to Exceed Amount	\$1,601,700

A 20 percent contingency allowance is requested to accommodate property owners who elect to use the City's contractor to perform work on their private property and who were not included in the original bid documents, and to cover any unforeseen conditions or necessary adjustments allowed by the contract.

The approximate cost for contract administration and inspection by the Department of Water and Power is \$140,000.

The Department of Public Works anticipates that construction will begin in July 2015 and be completed in January 2016.

**COUNCIL POLICY CONSIDERATION:**

This project is consistent with the City Council's goal to improve, maintain and enhance public facilities and infrastructure. The proposed contract is consistent with the Mobility Element/Power Facilities in that to improve the visual environment of the City through improved streetscapes, the conversion of existing overhead to underground facilities will be encouraged.

**ENVIRONMENTAL ANALYSIS:**

The proposed project is exempt from CEQA pursuant to the State CEQA Guidelines Section 15302(d), (Replacement or Reconstruction), which exempts the conversion of overhead electrical utility distribution system facilities to underground, including connection to existing overhead electrical utility distribution lines where the surface is restored to the condition existing prior to the undergrounding.

**FISCAL IMPACT:**

The cost of this contract is \$1,601,700 and the total cost of this action will be \$1,741,700. Funding for this action will be addressed by utilization of existing budgeted appropriations in the Hill Avenue - Street Lighting and Electrical System Undergrounding, Villa Street to North City Limits CIP project (budget account 74488). This account has a current balance of \$6,647,089. It is anticipated that all costs will be spent in FY 2016.

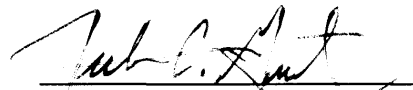
The following table presents a summary of the source of funds that will be used.

Underground Surtax	\$1,741,700
<b>Total Source</b>	<b>\$1,741,700</b>

The following table represents a contract summary.

Base Bid	\$1,334,729
Contingency Allowance	\$ 266,971
<b>Contract Not to Exceed Amount</b>	<b>\$1,601,700</b>
Administration/Inspection (City)	\$ 140,000
<b>Total Fiscal Impact</b>	<b>\$1,741,700</b>

Respectfully submitted,



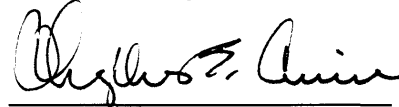
Julie A. Gutierrez  
Interim Director of Public Works

Prepared by:



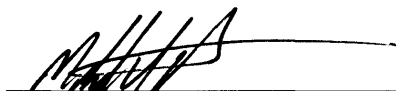
Christine Hernandez  
Acting Principal Engineer  
Department of Public Works

Concurred by:



Phyllis E. Currie  
General Manager  
Pasadena Water and Power

Approved by:



MICHAEL J. BECK  
City Manager