

Agenda Report

March 14, 2016

TO: Honorable Mayor and City Council

FROM: Water and Power Department

SUBJECT: REJECTION OF BIDS FOR CONSTRUCTION OF SUNSET RESERVOIR WATER TREATMENT PROJECT, PHASE I (DISINFECTION FACILITY)

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15061(b) (3) (General Rule); and
2. Reject all bids received on February 9, 2016, in response to the Notice Inviting Bids to Furnish Labor and Materials for Construction of Sunset Reservoir Water Treatment Project, Phase I (Disinfection Facility).

BACKGROUND:

The Sunset Perchlorate Treatment project identified in the adopted FY 2016-2019 Capital Improvement Program includes construction of a new disinfection system for the Sunset Reservoir Wells. Specification WD 15-08 was prepared by the Water and Power Department ("Department") for construction of the Sunset Reservoir Water Treatment Project, Phase I (Disinfection Facility).

On January 14, 2016, the Notice Inviting Bids for Specification WD 15-08 was advertised in the Pasadena Journal and also posted online through PlanetBids.com. In response to the Notice Inviting Bids, 81 vendors obtained Specification WD 15-08 through the PlanetBids website. On February 9, 2016, bids for construction were received from the following three contractors:

<u>Bidders</u>	<u>Office Location</u>	<u>Amount</u>
Kaveh Engineering & Construction, Inc (Kaveh)	Yorba Linda, CA	\$629,500
Oceanstate Development, Inc. (Oceanstate)	Alhambra, CA	\$634,500
Cora Constructors Inc. (Cora)	Palm Desert, CA	\$765,341

Based on the bid results, Kaveh was the apparent low bidder. A protest letter from the second lowest bidder, Oceanstate, was received by the Department on February 10, 2016. The protest indicated that Kaveh's bid proposal did not meet requirements of the specification. Oceanstate's protest letter stated that Kaveh did not possess the required "C-10" electrical license, nor did they list a "C-10" licensed subcontractor to perform the electrical work as required by the project specification.

On February 12, 2016, the Department received a letter of response to the bid protest from Kaveh. Kaveh claimed that it intended to perform the electrical work by using a "C-10" licensed employee, and suggested that the City should waive the bid defect as inconsequential. Kaveh's letter also stated that Oceanstate had listed an electrical subcontractor without an active "C-10" license.

For reference, the project requirements for contractor licensing are included in Specification WD-15-08, Section 3.4, "License", which states the following:

"...if a Bidder intends to perform electrical work with its own work forces, it must also hold an active "C-10" license at the time of contract award. Electrical subcontractors shall hold an active Class "C-10" license."

The Department recommends rejecting all bids with the following findings:

1. Kaveh's bid proposal does not meet the requirements of the Specification. Kaveh does not possess a "C-10" license, and failed to list a "C-10" licensed subcontractor in its bid proposal; therefore, Kaveh's bid is rejected as non-responsive.
2. Oceanstate's bid proposal does not meet the requirements stated in the Specification. On February 12, 2016, the Department's staff verified through the California Contractors State License Board that Oceanstate's electrical subcontractor's license was suspended at the time of bid opening. The Department deems Oceanstate's bid as non-responsive.
3. Cora's bid price is more than 20% higher than the second lowest bid. Due to the substantial price differential, it is in the City's best interest to reject Cora's bid.

The Department is in the process of revising the specification to clearly state the bidder's qualification requirements, and plans to proceed with rebidding the project in the current fiscal year.

COUNCIL POLICY CONSIDERATION:

The rejection of bids supports the City Council's strategic goal to improve, maintain, and enhance public facilities and infrastructure.

ENVIRONMENTAL ANALYSIS:

The rejection of bids is statutorily exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Section 21080(b)(5) and Section 15270 of the State CEQA Guidelines, which state that CEQA does not apply to "projects which a public agency rejects or disapproves".

FISCAL IMPACT:

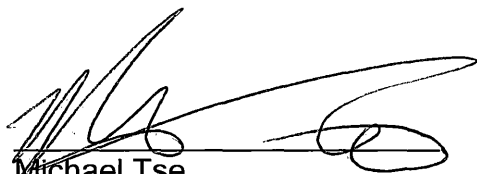
There is no fiscal impact as a result of this action and will not have any indirect or support cost requirements. The anticipated impact to other operational programs or capital projects as a result of this action will be none. Funding for the project has been budgeted in CIP#1062, Sunset Perchlorate Treatment Plant. The original anticipated expenditures in FY 2016 and FY 2017 are being deferred to FY 2017 and FY 2018. The total appropriation for this project is expected to remain unchanged.

Respectfully submitted,



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