

# Agenda Report

**TO:** CITY COUNCIL

**DATE:** September 14, 2009

**FROM:** CITY MANAGER

**SUBJECT:** REJECTION OF ALL BIDS -FOR RESURFACING OF STREETS AT VARIOUS LOCATIONS 2009, FEDERAL-AID PROJECT NO. ESPL – 5064 (061)

**RECOMMENDATION:**

It is recommended that the City Council reject all bids received on August 5, 2009, in response to the specifications for Resurfacing of Streets at Various Locations 2009, Federal-Aid Project No. ESPL-5064(061) and authorize the City Manager to call for new bids.

**BACKGROUND:**

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act (ARRA) 2009. The ARRA fund investment encompasses a variety of programs including health care, energy, infrastructure, education and public safety. The ARRA program emphasized that these funds should be directed to projects that are "shovel ready". Under the Highway Infrastructure Funding Program requirements issued by Metropolitan Transit Authority (MTA), cities were only given just over a month to prepare environmental documentation and application for consideration of approval. Upon submittal and approval of the funding application for the infrastructure program of the ARRA fund investment, the Federal Highway Administration Agency (FHWA) with the concurrent authorization from the California Department of Transportation (Caltrans) obligated \$4,331,000 to the City of Pasadena for the project.

This resurfacing project consisted of paving approximately 10 miles of selected streets with rubberized asphalt concrete, localized street reconstruction, header cutting, cold milling of pavement, miscellaneous concrete repairs, adjustment of utility manholes, and installation of traffic striping.

The Department of Public Works prepared plans and specifications for this project. The project was advertised and bids were opened on August 5, 2009 with the results as follows:

<b><u>Bidder</u></b>	<b><u>Amount</u></b>
1. E C Construction, South El Monte	\$2,950,513.10
2. Sully-Miller Contracting Company, Anaheim	\$3,080,925.00
3. Silvia Construction, Inc., Rancho Cucamonga	\$3,128,660.90
4. Ortiz Asphalt Paving Company, Colton	\$3,137,765.54
5. Imperial Paving Company, Inc., Santa Fe Springs	\$3,220,815.00
6. Hardy & Harper, Inc., Santa Ana	\$3,335,500.00
7. Palp, Inc. dba Excel Paving Company, Long Beach	\$3,372,062.00
8. All American Asphalt, Corona	\$3,380,445.00
9. Gentry Brothers, Inc., Irwindale	\$3,731,172.00
10. USS Cal Builders, Inc., Stanton	\$4,393,860.00
Engineer's Estimate	\$3,884,740.00

Based on the bid results, the lowest bidder was 32 percent below the Engineer's Estimate and approximately 42 percent below the funds obligated by the FHWA. With these favorable results, the staff was prepared to recommend awarding the subject project with additional streets to resurface to maximize the obligated amount of \$4.3 million. However, without previous acknowledgement, Caltrans placed a limitation of 15 percent contingency to this contract which prevents the utilization of the entire allotted funds and a possibility of returning over \$800,000 of these funds back to FHWA for future redistribution to possibly other jurisdictions.

In order to maximize the amount of \$4.3 million, the subject project needs to be re-advertised with an increased scope of work to include additional streets to be resurfaced. The revised project will consist of resurfacing approximately 13 miles of streets, increasing the original project scope of work by three miles. Caltrans has reviewed and approved the revised project application.

In addition, this project incorporated a new state guideline which required an Underutilized Disadvantaged Business Enterprise (UDBE) goal of 12%. The low bidder, E.C. Construction, did not submit sufficient information with the bid regarding how the bidder proposed to meet this goal as required by the project specifications. The second lowest bidder immediately submitted a letter protesting the low bid as being non-responsive due to the failure in submitting the proper UDBE information with the bid. The City Attorney's office reviewed the project specifications and the protest letter, and concluded that it was an arguable protest due to ambiguities in the specifications

regarding UDBE requirements. The proposed recommendation to reject all bids and re-advertise this project is a defensible resolution to this matter. The ambiguities will be corrected in the re-bid specifications.

Consequently, it is recommended that the bids for the subject project be rejected and authorize the City Manager to call for new bids. The project to be re-advertised October 2009 and construction to start February 2010.

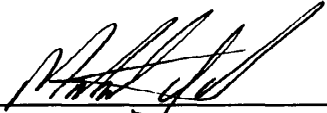
**ENVIRONMENTAL ISSUES:**

This project addresses the Waste Reduction category of the Green City Action Plan by using recycled rubber tires in paving material. This reduces tires from the landfill and methane gas from the environment. The recycling of asphalt and concrete material meets the City's Construction and Demolition Waste Management Plan requirements. By adding more miles of streets, we are reducing more tires from the landfill.

**FISCAL IMPACT:**

Rejecting bids and re-advertising will have no fiscal impact on this project and the City will be able to bid a project utilizing its full allocation of funds under the Highway Infrastructure Funding Program.


Respectfully submitted,



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City Manager


Prepared by:



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Approved by:



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