

# Agenda Report

Date: November 18, 2013

**TO:** CITY COUNCIL

**FROM:** CITY MANAGER

**SUBJECT:** REJECTION OF ALL BIDS FOR CIVIL CONSTRUCTION RELATED TO THE INSTALLATION OF ELECTRICAL EQUIPMENT AND AUTHORIZATION TO AMEND THE CURRENT CONTRACT NO. 20,643 WITH VCI CONSTRUCTION, INC. FOR CIVIL CONSTRUCTION FOR THE WATER AND POWER DEPARTMENT

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Affirm that on April 25, 2011, the Council found the project to be exempt from environmental review pursuant to the California Environmental Act ("CEQA") Guidelines Section 15301 (Existing Facilities) and Section 15302 (Replacement or Reconstruction), and the proposal herein does not constitute a substantial change in the project description, nor is there new information or changed circumstances that would trigger further environmental review;
2. Reject all bids received on October 2, 2013, in response to Specifications LD-13-7 for the civil construction of overhead, underground and substation electrical conduit systems for the Water and Power Department ("PWP"); and
3. Authorize the City Manager to amend current Contract No. 20,643 with VCI Construction, Inc. and authorize an expenditure not to exceed \$2,000,000 for one year.

## **BACKGROUND:**

Because PWP has no in-house civil construction crews to install electrical conduits and vaults, outside contractors are required to complete the civil construction required for electrical projects approved in the Capital Improvement Budget and customer projects. On April 25, 2011, subsequent to a competitive bid process, the City Council approved a contract with VCI Construction for a period of two years for an amount not to exceed \$2,000,000 for civil construction for PWP, and authorized the City Manager to extend the Contract four times, each not to exceed \$1,000,000. Maximum expenditure approved on the contract is \$6,000,000 over six years.

Since the contract was issued, there has been an increase in customer and capital projects requiring civil construction, and the contract was being depleted faster than originally anticipated, requiring the City Manager to authorize the first two extensions, increasing total maximum expenditures to \$4,000,000. Expenditures to date are \$3,750,000.

Given the accelerated pace of expenditures, staff believed it prudent to commence the process for a new contract. On August 29, 2013, a Notice Inviting Bids on Specifications LD-13-7 was published in *The Pasadena Journal* and posted on the City's web page. Two bids were opened on October 2, 2013. Due to some inconsistencies in the bid schedule, PWP is recommending that the City Council reject all bids.

PWP intends to revise and reissue the specifications and bring to City Council a recommendation of a contract award at a later date. In the meantime, to allow all civil construction required for customer and capital projects to continue as scheduled, staff recommends City Council authorize the City Manager to exercise the third extension at \$2,000,000. This action would not increase the original maximum expenditure approved by City Council; it would combine the amounts associated with the third and fourth extensions into a final extension of the existing contract.

**COUNCIL POLICY CONSIDERATION:**

Rejecting the bids supports the City's goal of efficient use of funds towards the improvement of the Department's power facilities. Amending the current contract is consistent with the Public Facilities Element of the General Plan and supports the City Council's goal to improve, maintain and enhance public facilities infrastructure; to provide a high level of public service which adds to the quality of life in the City.

**ENVIRONMENTAL ANALYSIS:**

On April 25, 2011, prior to approval of Contract No. 20,643, the City Council found that the project was exempt from CEQA review pursuant to State CEQA Guidelines Section 15301 and 15302. Section 15301 (Existing Facilities) exempts actions such as maintenance, repair, operation, etc.) relating to existing facilities or structures where there is negligible or no expansion of the use. Section 15302 (Replacement or Reconstruction) exempts the replacement and/or reconstruction of existing facilities or structures or structures including utility systems and/or facilities involving negligible or no expansion of capacity. The increase proposed herein does not constitute a substantial change in the project that would involve potentially new significant environmental effects, nor is there new information or changed circumstances that would trigger further environmental review.

**FISCAL IMPACT:**

The maximum cost of the action is \$2,100,000, over one year including costs for contract administration and construction inspections provided by PWP staff. The cost of this action will be addressed by utilizing existing and future appropriations in the Power Capital Fund 411. Purchases under this contract will not be authorized unless sufficient funding is available each fiscal year.

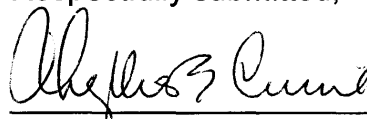
The following table presents a summary of estimated expenditures in fiscal years 2014 and 2015.

<b>Budget No</b>	<b>FY2014</b>	<b>FY2015</b>
3001 – Services from Underground System	\$250,000	\$150,000
3023 – Connections from the Public Right of Way	\$350,000	\$250,000
3002 – Distribution System Expansion	\$500,000	\$200,000
3033 – New Feeders	\$200,000	\$100,000
<b>Total Projected Expenditures</b>	<b>\$1,300,000</b>	<b>\$700,000</b>

These expenditures will have minimal impact on other operational or capital projects. The following table summarizes the total fiscal impact.

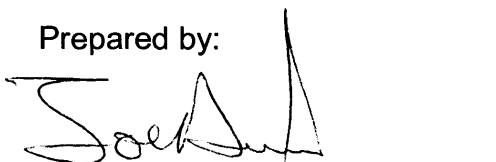
Maximum Cost of Contract Amendment	\$2,000,000
Construction Engineering and Contract Management	\$35,000
Construction Inspections	\$65,000
<b>Total Fiscal Impact through Fiscal Year 2015</b>	<b>\$2,100,000</b>

Respectfully submitted,



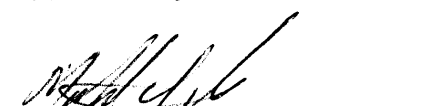
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