

AGENDA ITEM NO. 1 F  
COUNCIL MEETING 1/14/2010

APPROVED BY

DEPARTMENT DIRECTOR

CITY MANAGER

January 14, 2010

**FROM:** RENE A. RAMIREZ, Director   
Department of Public Utilities

**BY:** ROBERT N. ANDERSEN P.E., Assistant Director   
Department of Public Utilities

**SUBJECT:** AWARD A CONTRACT IN THE AMOUNT OF \$417,178.00 TO GRANITE CONSTRUCTION FOR INSTALLATION OF SEWER MAINS IN HERNDON TOWN (COUNCIL DISTRICT NO. 2) (Bid File # 2973-11364)

#### RECOMMENDATION

Staff recommends that the City Council award a contract in the amount of \$417,178.00 to Granite Construction as the lowest responsive and responsible bidder for the installation of sewer mains in Herndon Town.

#### EXECUTIVE SUMMARY

This project will install sewer mains and sewer house branches in Herndon Town generally located northeast of North Golden State Boulevard and West Herndon Avenue in Northwest Fresno.

#### BACKGROUND

There are approximately 80 households in Herndon Town whose median income is below 80% of the State of California median income. Staff has been applying for funding to several sources for grants to construct the sewer mains in this area and applied for American Recovery and Reinvestment Act (ARRA) funding to provide the majority cost of the project.

On June 4, 2009, City Council adopted a resolution authorizing staff to apply for \$897,167.00 in grant funds for the construction of the project. The State Water Resources Control Board reviewed the application and recommended the project for funding.

Staff has determined that this project is Categorical Exempt pursuant to the provisions of CEQA Guidelines, Section 15301 and on October 29, 2009, Council adopted CEQA Notice of Exemption No. E200910000159.

On December 3, 2009, City Council approved the acceptance of the American Recovery and Reinvestment Act (ARRA) 2009 funding and authorized the Director of Public Utilities or his designee to sign and execute all necessary documents required for such funding including the certification of project completion. The funding through ARRA will pay for the majority of the construction and City connection fees, however, the ARRA Funds will not pay for the sewer house branch installation cost. This cost amounts to \$138,600.00.

## REPORT TO THE CITY COUNCIL

Award a Contract in the Amount of \$417,178.00 to Granite Construction

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The Facility Plan Approval from the State Water Resources Control Board requires that the City follow the Municipal Code that requires these residences to be connected to the sanitary sewer within three years of the sewer availability. It further states that the City will seek other funding sources to help pay for the sewer house branches and the connections for those who cannot afford to do so. Staff will be seeking other funding sources to assist this low income neighborhood. If unsuccessful in finding funding, the City will require repayment of the house branch cost at time of connection.

The water project was funded by ARRA funds through the California Department of Public Health and is already under construction. Since both of these funds have separate and distinct timelines, they could not be constructed at the same time. If Council approves the award, the sewer will be installed following the completion of the water project. Fresno Metropolitan Flood Control District will install the missing storm drain after both water and sewer are complete. After this, the City will be awarding a No Neighborhood Left Behind Project to complete missing street infrastructure.

Plans and specifications were prepared and a Notice of Inviting Bids was published in the Business Journal on October 16, 2009, posted on the City's website and faxed to seven builder exchanges. The specifications were distributed to nine prospective bidders. Four (4) bid proposals were received and opened in a public bid opening on November 19, 2009. Bid proposal prices ranged from \$319,560.00 to \$484,001.00.

The apparent low bidder, Bill Nelson GEC, Inc. did not submit Data Universal Numbering System (DUNS) Number at time of Bid Opening. This requirement was stated in the specifications and reiterated at the mandatory pre-bid meeting on November 4, 2009. Since the DUNS number was not submitted in the bid proposal as required, Purchasing determined Bill Nelson GEC to be non-responsive. Granite Construction Co. submitted the lowest responsive bid price in the amount of \$417,178.00 and is considered the lowest responsive and responsible bidder. Staff recommends that the City Council award a contract in the amount of \$417,178.00 to Granite Construction Co. as the lowest responsive and responsible bidder. This staff determination was posted on the City's website on December 7, 2009.

The project will be completed in 90 working days from issuance of Notice to Proceed.

### **FISCAL IMPACT**

See attached.

Attachments:  
Fiscal Impact Report  
Bid Evaluation

## FISCAL IMPACT STATEMENT

PROGRAM: RC00094

<u>RECOMMENDATION</u>	<u>TOTAL OR CURRENT</u>	<u>ANNUALIZED COST</u>
Direct Cost	\$417,178.00	_____
Indirect Cost	\$50,000.00	_____
<b>TOTAL COST</b>	<b>\$467,178.00</b>	_____
Additional Revenue or Savings Generated	\$328,578.00	_____
Net City Cost	\$138,600.00	_____
Amount Budgeted (If none budgeted, identify source)	<u>\$896,600.00</u>	_____

Indirect Costs Consist of:

Inspection and Surveying..... \$50,000.00

Funding Consists of:

American Recovery and Reinvestment Act.....	\$328,578.00
Redevelopment Agency Funding.....	\$138,600.00
Total Funding.....	\$467,178.00

**EVALUATION OF BID PROPOSALS**

FOR: ARRA HERNDON TOWNSITE INSTALLATION OF SEWER MAIN

Bid File No.2973  
Bid Opening: 11/19/09

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<b>BIDDER'S</b>	<b>TOTAL NET BID AMOUNT</b>
Bill Nelson GEC, Inc. 401 W Fallbrook, #104 Fresno, CA 93711	\$319,560.00 *** (non-responsive)
Granite Construction Co. P.O. Box 50085 Watsonville, CA 95077	\$417,178.00
Floyd Johnston Construction 2301 Herndon Clovis, CA 93611	\$435,581.00
Emmett's Excavation, Inc. 1477 Menlo Ave Clovis, CA 93611	\$484,001.00

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Each bidder has agreed to allow the City forty-five (45) days from date bids are opened to accept or reject their bid proposal. Purchasing requests that you complete the following sections and return this bid evaluation to the Purchasing Division at the latest by Wednesday, December 16, 2009, 5:00 P.M.

The Engineer's Estimate for this expenditure is \$ 515,460.00 . The contract price is 19 % below the Engineer's Estimate. If the overage is greater than 10% or only one bid was received, give explanation:

**BACKGROUND OF PROJECT** (To be completed by Evaluating Department/ Division. Explain need for project/equipment):

The project will install sewer mains and house branches within the Herndon Town area located in Northwest Fresno. The America Recovery and Reinvestment Act (AARA) is funding the majority of the project costs. The cost that will not be paid for is the cost of the house branches. This will be paid for by other Redevelopment Agency (RDA) funds.

EVALUATION OF BID PROPOSALS

FOR: ARRA HERNDON TOWNSITE INSTALLATION OF SEWER MAIN

Bid File No.2973  
Bid Opening: 11/19/09

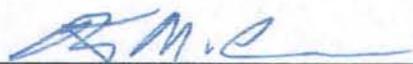
DEPARTMENT CONCLUSIONS AND RECOMMENDATION:

Award a contract in the amount of \$ 417,178.00 to Granite Construction Co. as the lowest responsive and responsible bidder.

Remarks: The lowest bidder was determined to be unresponsive due to the lack of submitting a DUNS number at bid opening.

Reject all bids. Reason:

Department Head Approval

  
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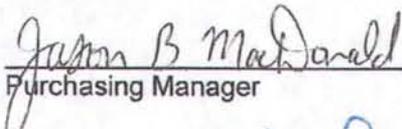
Title Assistant Director of DPU

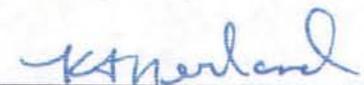
Date 12/3/09

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|--|--|
| <input checked="" type="checkbox"/> Approve Dept. Recommendation | <input type="checkbox"/> Approve GSD/Purchasing Recommendation |
| <input type="checkbox"/> Disapprove                              | <input type="checkbox"/> Disapprove                            |
| <input type="checkbox"/> See Attachment                          |  |

GENERAL SERVICES DEPARTMENT

CITY MANAGER

 12/3/2009  
Purchasing Manager Date

 12/3/09  
Director Date

 12/3/09  
City Manager or Designee Date