

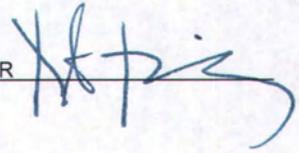
AGENDA ITEM NO.

COUNCIL MEETING

APPROVED BY

DEPARTMENT DIRECTOR

CITY MANAGER



June 3, 2008

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

BY: GARTH GADDY, Assistant Director *For L.M.*
Department of Public Utilities - Water Division

SUBJECT: AWARD CONTRACT TO WEST VALLEY CONSTRUCTION COMPANY IN THE AMOUNT OF \$102,150.00 FOR UNDERGROUND BORING AND PLACEMENT OF WATER SERVICE TUBING (BID FILE 8971)

KEY RESULT AREA

Resource Management

RECOMMENDATION

Staff recommends that the City Council award a one-year requirements contract with provisions for two one-year extensions to West Valley Construction Company in the amount of \$102,150.00 for Underground Boring and Placement of Water Service Tubing.

EXECUTIVE SUMMARY

The Department of Public Utilities, Water Division, is seeking to establish a requirements contract for Underground Boring and Placement of Water Service Tubing. Staff recommends award of a one-year requirements contract, with two one-year extensions, to West Valley Construction Company in the amount of \$102,150.00. Funding for this contract is included in the FY08 budget. This contract crosses fiscal years. Purchases made in FY08 will be at contract prices and will be included in the FY09 Budget.

KEY OBJECTIVE BALANCE

This contract, which provides for the purchase of Underground Boring and Placement of Water Service Tubing, supports the three focus areas of Customer Satisfaction, Employee Satisfaction and Financial Management. The timely construction and installation of water services helps ensure the safe delivery of water to customers. Establishment of a requirements contract ensures guaranteed pricing for twelve months.

BACKGROUND

The Department of Public Utilities, Water Division, routinely installs new services to customers on parcels without water service. Underground boring and placement of water service tubing minimizes street pavement cuts and provides a more economical means of installing service tubing to the customer's parcel. The purpose of this requirements contract is to minimize the time, cost, and customer inconvenience involved in service

REPORT TO THE CITY COUNCIL

Underground Boring and Placement of Service Tubing

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installations. A requirements contract establishes firm pricing, secured through competitive bidding, for a specified time and allows the City to order specialized construction support on an as-needed basis without purchasing the extremely expensive equipment needed.

Specifications for a Requirements Contract for Underground Boring and Placement of Water Service Tubing were prepared. A Notice Inviting Bids was published in the Business Journal on April 2nd, 2008, and was also posted on the City's web site. Eleven Building Exchanges were sent Notices Inviting Bids and the specifications were distributed to five prospective bidders. Two sealed bid proposals were received and opened in a public bid opening on April 24, 2008. Bid proposal prices were in the amounts of \$102,150.00 and \$119,650.00. Bids will expire within 62 days of the bid opening, on June 26, 2008.

West Valley Construction Company of Fresno submitted a bid price in the amount of \$102,150.00 and is considered the lowest responsive bidder.

This is a new requirements contract. Funding for this project is included in the FY08 Budget.

Council may:

1. Award a contract in the amount of \$102,150.00 to West Valley Construction Company, which will be in effect for one year from the date of the Notice to Proceed with provisions for two one-year extensions.
2. Reject bid. If bid is rejected, the project will be rebid resulting in a delay of approximately sixty (60) days.

FISCAL IMPACT

See attached Fiscal Impact Statement.

Attachments:

- Fiscal Impact Statement
- Evaluation of Bid Proposals

FISCAL IMPACT STATEMENT

PROGRAM:

<u>RECOMMENDATION</u>	<u>TOTAL OR CURRENT</u>	<u>ANNUALIZED COST</u>
Direct Cost	<u>\$ 102,150</u>	<u>\$ 102,150</u>
Indirect Cost	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL COST	<u>\$ 102,150</u>	<u>\$ 102,150</u>
Additional Revenue or Savings Generated	<u>\$ 0</u>	<u>\$ 0</u>
Net City Cost	<u>\$ 102,150</u>	<u>\$ 102,150</u>
Amount Budgeted (If none budgeted, identify source)	<u>\$ 120,000</u>	<u>\$ 120,000</u>

EVALUATION OF BID PROPOSALS

FOR: REQUIREMENTS CONTRACT FOR UNDERGROUND BORING AND PLACEMNT OF
WATER SERVICE TUBING

Bid File No. 8971
Bid Opening: April 24, 2008

BIDDER'S	TOTAL NET BID AMOUNT
1. West Valley Construction Company, Inc. 580 McGlincy Lane Campbell CA 95008	\$102,150.00
2. Vulcan Construction & Maintenance, Inc. 2610 W Shaw Lane, Suite 103 Fresno CA 93711	\$119,650.00

Each bidder has agreed to allow the City sixty-two (62) 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, May 22, 2008, 5:00 P.M.

The current contract pricing is 11% above/below the previous contract pricing. If the overage is greater than 10% or only one bid was received, give explanation:

The former contract was awarded over three years ago and materials, labor and fuel cost increases indicate an increase of 11% is reasonable.

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

Directional underground boring and water service tubing placement is a cost effective and efficient way to install new services when compared to open trench construction, particularly in public street areas. The purchase, maintenance and operation of the specialized equipment required for the work and training of skilled operators is extremely expensive and not a justifiable expense for the Water Division to perform our own service bore work. Contracting the work to others has proven to be a viable means of obtaining this service on an "as-needed" basis. When needed, the contractors work is coordinated with that of City crews to establish an effective joint effort, reducing time, cost and inconvenience for the City's customer. The low bid amount for this work is \$102,150. The engineer's estimated cost for the work was \$119,100.

EVALUATION OF BID PROPOSALS

FOR: REQUIREMENTS CONTRACT FOR UNDERGROUND BORING AND PLACEMNT OF WATER SERVICE TUBING

Bid File No. 8971
Bid Opening: April 24, 2008

DEPARTMENT CONCLUSIONS AND RECOMMENDATION:

Award a contract in the amount of \$ 102,150
to West Valley Construction Company, Inc.
as the lowest responsive and responsible bidder.

Remarks:

Reject all bids. Reason:

Department Head Approval

Ann Lou M. West

Title ASSISTANT DIRECTOR

Date 5/9/08

- Approve Dept. Recommendation Approve GSD/Purchasing Recommendation
- Disapprove Disapprove
- See Attachment

GENERAL SERVICES DEPARTMENT

CITY MANAGER

Robert Smith 5/13/08
Purchasing Manager Date

Ann Lou M. West 5/13/08
City Manager or Designee Date

K. Herland 5/13/08
Director Date