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DEPARTMENT OF  
UTILITIES

ENGINEERING SERVICES

CITY OF SACRAMENTO  
CALIFORNIA

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December 17, 1998

City Council  
Sacramento, California

Honorable Members in Session:

**SUBJECT: INTERIOR COATING AND CATHODIC PROTECTION SYSTEM FOR THE MEDICAL CENTER, ALHAMBRA AND CITY COLLEGE RESERVOIRS (PN: ZF66, ZB71) AUTHORIZATION TO REJECT ALL BIDS, SUSPEND COMPETITIVE BIDDING AND ENTER INTO DIRECT NEGOTIATIONS WITH CONTRACTORS FOR AN AMOUNT NOT TO EXCEED \$ 698,400.**

**LOCATION AND COUNCIL DISTRICT:**

The project is located at the Medical Center, City College and Alhambra Reservoirs in Council Districts 3 and 5. See location map.

**RECOMMENDATION:**

Staff recommends that the City Council:

- Reject all bids;
- Suspend competitive bidding;
- Authorize the City Manager to negotiate with contractors and execute a contract for an amount not to exceed \$698,400.

**CONTACT PERSON:** Candace McGahan, Senior Engineer, 264-1416  
Gary A. Reents, Engineering Services Manager, 264-1433

**FOR COUNCIL MEETING OF:** January 5, 1998



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## SUMMARY

The Interior Coating and Cathodic Protection for the Medical Center, Alhambra and City College Reservoirs Project was bid on March 4, 1998. City Council rejected all bids because of bid irregularities and the project was rebid on August 12, 1998. Due to bid irregularities on the second bid, staff recommends that all bids be rejected again. Because the pool of contractors for this highly specialized work is limited and a third bidding process would entail further delays in construction, as well as increased cost to the City, staff believes it is in the best interest of the City to suspend competitive bidding at this point in time, and negotiate with the contractors for the best overall cost not to exceed \$698,400.

## COMMITTEE/COMMISSION ACTION

None.

## BACKGROUND INFORMATION

The City has three concrete elevated reservoirs that are a part of the water distribution system. These reservoirs were built in the 1930's and are at the following locations:

- Alhambra Reservoir - Alhambra Boulevard and J Street
- Medical Center Reservoir - 45<sup>th</sup> and V Streets
- City College Reservoir - 23<sup>rd</sup> Street and 12<sup>th</sup> Avenue

The reservoirs have an interior coating that was applied at the time of the original construction. This coating is in poor condition. This project will remove the existing coating and apply a new one. The project will also install cathodic protection equipment to provide additional protection for the tank interior.

Bids were received from three (3) contractors, as follows:

- |  |           |
|--|-----------|
| • West Coast Industrial Coatings, Inc. | \$694,805 |
| • River City Painting                  | \$888,888 |
| • Robinson-Prezioso                    | \$991,700 |

The engineer's estimated construction cost was \$ 700,000.

The low bidder did not achieve MBE/WBE participation goals and failed to fully perform the Good Faith Effort required when goals are not met. Since the second low bidder exceeded the engineer's estimate by almost \$190,000, staff is recommending that all bids be rejected.

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Staff further recommends that the City Council suspend competitive bidding and authorize the City Manager to negotiate with contractors for a not to exceed amount of \$698,400 for the following reasons:

- Bid prices have increased with each bid and are expected to increase again with a third bid.
- The pool of bidders has dropped from six to three.
- Essentially the same pool of bidders will be expected in a third bid due to the specialized nature of the work.
- Another bidding process will further delay construction.

Contractors will be required to meet the City's MBE/WBE participation goals as well as a contract price not exceeding \$698,400. The estimated completion date is February 2000.

#### **FINANCIAL CONSIDERATIONS**

The total estimated cost for this project including design, construction, inspection and contingency is \$ 774,900. The contract cost associated with the interior coating work in the amount of \$600,000 will be charged to 413-500-ZF66. The contract cost associated with cathodic protection in the amount of \$ 98,400 will be charged to 413-500-ZB71. Sufficient funds are available in 413-500-ZF66 and 413-500-ZB71, which have unobligated funds of \$637,092 and \$757,075, respectively, as of November 19, 1998.

#### **ENVIRONMENTAL CONSIDERATIONS**

The Environmental Services Division has determined that this project is categorically exempt pursuant to State Class 1 and 2 and Section Number 15302(c) of the California Environmental Quality Act.

#### **POLICY CONSIDERATION**

This action is consistent with Section 58.04.401 of the City Code concerning suspension of competitive bidding.

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**MBE/WBE**

The construction contractor for the project will be required to meet participation goals.

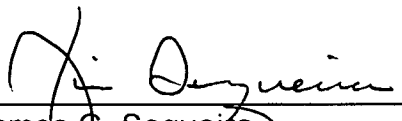
Respectfully submitted,

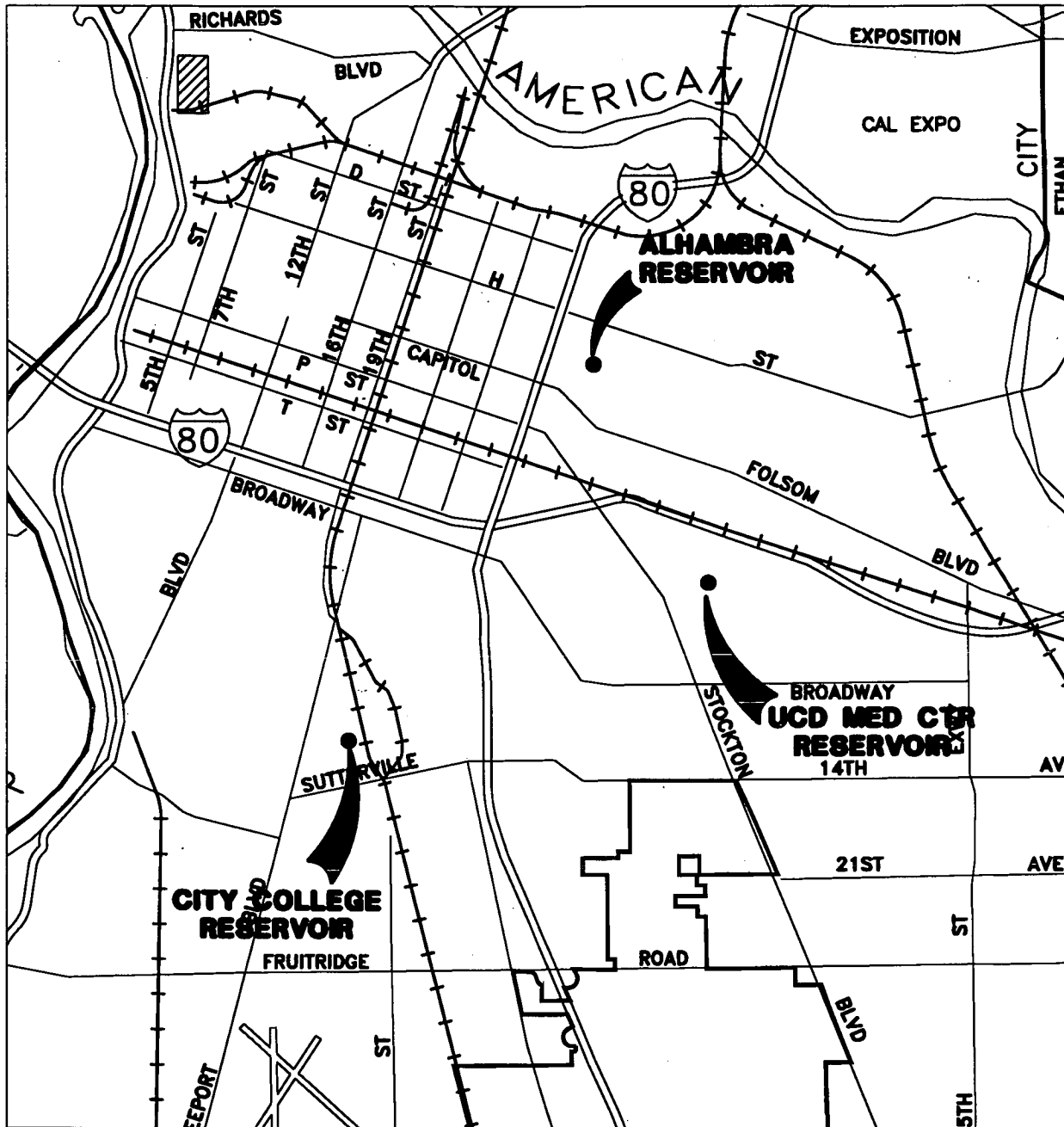
  
\_\_\_\_\_  
Gary A. Reents  
Engineering Services Manager

RECOMMENDATION APPROVED:

  
\_\_\_\_\_  
William H. Edgar  
City Manager

APPROVED:

  
\_\_\_\_\_  
James G. Sequeira  
Director of Utilities



## LOCATION MAP

INTERIOR COATING & CATHODIC PROTECTION  
 SYSTEM FOR THE MEDICAL CENTER,  
 ALHAMBRA AND CITY COLLEGE RESERVOIRS  
 (PN:ZF66, ZBT1)



CITY OF SACRAMENTO  
 DEPARTMENT  
 OF UTILITIES

# RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF \_\_\_\_\_

**RESOLUTION AUTHORIZING REJECTION OF ALL BIDS, SUSPENSION OF COMPETITIVE BIDDING, AND DIRECT NEGOTIATIONS WITH CONTRACTORS FOR AN AMOUNT NOT TO EXCEED \$698,400 FOR INTERIOR COATING AND CATHODIC PROTECTION SYSTEM FOR THE MEDICAL CENTER, ALHAMBRA AND CITY COLLEGE RESERVOIRS PROJECT (PN: ZF66, ZB71).**

**BE IT RESOLVED BY THE SACRAMENTO CITY COUNCIL THAT:**

1. All bids are rejected for the Interior Coating and Cathodic Protection System for the Medical Center, Alhambra and City College Reservoirs Project (PN: ZF66, ZB71).
2. In the best interests of the City, competitive bidding is suspended for this project.
3. The City Manager is authorized to directly negotiate with contractors and award a contract for this project for an amount not to exceed \$698,400 and require the selected contractor to meet MBE/WBE goals.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

\_\_\_\_\_  
FOR CITY CLERK USE ONLY

RESOLUTION NO. \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

