

C094-039

1.23

DEPARTMENT OF
PUBLIC WORKS

ENGINEERING DIVISION

CITY OF SACRAMENTO
CALIFORNIA

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ROOM 200
SACRAMENTO, CA
95814-2700

June 10, 1994

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City Council
Sacramento, California

CONSTRUCTION SECTION
640 BERECUT DRIVE
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SACRAMENTO, CA
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Honorable Members in Session:

SUBJECT: EAST DEL PASO HEIGHTS #7, #7B (PN:TJ51) - REJECT THE LOW AND SECOND LOW BID/CONTRACT AWARD AND FUND TRANSFER OF \$47,460

**LOCATION AND COUNCIL DISTRICT: Rosalind Street (south half) between Ivy Street and Kern Street; Kern Street between South Avenue and Montrose Street.
District No. 2**

RECOMMENDATION:

This report recommends that the City Council:

- Reject the nonresponsive low bid of \$417,828.61 from Mascon/Flowline, J.V.
- Accept the third low bid of \$422,492 from Azteca Construction as the lowest responsible bid after calculation of the MBE/WBE bid price preference.
- Award the contract for the East Del Paso Heights #7, #7B to Azteca Construction.
- Adopt a Resolution approving the transfer of \$47,460 for the East Del Paso Heights #7, #7B project.

CONTACT PERSON:

N. Dee Lewis, Supervising Engineer, 264-7923
Ken Grehm, Associate Engineer, 264-7531

FOR COUNCIL MEETING OF: June 28, 1994



City Council

East Del Paso Heights #7, 7B (PN:TJ51) - Reject the Low and Second Low Bid/Contract Award and Fund Transfer of \$47,460

June 10, 1994

SUMMARY:

This project will construct street improvements on Rosalind Street (south half) between Ivy Street and Kern Street and on Kern Street between South Avenue and Montrose Street. The improvements, which include construction of asphalt concrete pavement, curb, gutter, sidewalk, street lighting, installation of storm drain, and removal of obstructions from sewer systems, will provide neighborhood enhancement and revitalization and increased public safety. The MBE/WBE program goals included in the project promote City-wide inclusiveness of our diverse population.

This report recommends the City Council reject the apparent low bid received for this project and award the contract to Azteca Construction, a City certified MBE firm, as the lowest responsible bidder after calculation of the MBE/WBE bid price preference. The apparent low bidder failed to meet the City's requirement that 50% of the value of all work in the contract must be performed by the prime contractor and was therefore declared nonresponsive. The apparent second low bidder's rank order position was displaced by the price preferences allowed under the City of Sacramento's MBE/WBE program and Resolution 93-619 adopted by the City Council on November 2, 1993. The apparent third low bidder (Azteca Construction) earned a 7% price preference on its bid by meeting the project MBE/WBE goals and being a preference eligible City certified MBE firm. Therefore, the bid submitted by Azteca Construction is the lowest responsible bid for this project.

Bids were received and opened on May 4, 1994 and contract award to Azteca Construction is recommended.

COMMITTEE/COMMISSION ACTION:

None.

BACKGROUND INFORMATION:

The project will construct street improvements on Rosalind Street (south half) between Ivy Street and Kern Street and on Kern Street between South Avenue and Montrose Street. The project improvements include construction of asphalt concrete pavement, curb, gutter, sidewalk, street lighting, installation of storm drain, and sanitary sewer system rehabilitation.

City Council

East Del Paso Heights #7, 7B (PN:TJ51) - Reject the Low and Second Low Bid/Contract Award and Fund Transfer of \$47,460

June 10, 1994

On April 5, 1994, the City Council approved the plans and specifications for the East Del Paso Heights #7, #7B project. Bids were received and opened by the City Clerk on May 4, 1994. The bids received were:

Mascon/Flowline, J.V.	\$417,828.61
Teichert Construction	\$419,963.00
*Azteca Construction	\$422,492.00
*Environmental Construction	\$433,496.00
R.C. Collet, Inc.	\$442,907.00
Western Engineering Contractors	\$452,233.00
Syblon-Reid Co.	\$532,450.00

* Indicates MBE firm

Staff recommends that the City Council reject the apparent low bid received and award the contract to Azteca Construction, a City certified MBE firm as the lowest responsible bidder after all bids are calculated to include the MBE/WBE bid price preference. The apparent low bidder Mascon/Flowline, J.V. listed 60.9% subcontractor participation in their bid. Section 2.9 of the City of Sacramento's Standard Specifications for the Public Works Construction requires that the prime contractor perform a minimum of 50% of the value of all contract work. The apparent low bidder was therefore determined to be nonresponsive.

The apparent second low bid from Teichert Construction was a responsive bid. The rank order of Teichert Construction's bid, however, was affected by the price preferences allowed under the City of Sacramento's MBE/WBE program and Resolution 93-619 adopted by the City Council on November 2, 1993. The City's MBE/WBE program allows City certified preference eligible MBE/WBE bidders, who meet the project MBE/WBE subcontracting goals, to earn up to a 7% price preference up to a maximum of \$25,000.

The apparent third low bidder, Azteca Construction, satisfied all the requirements of the City of Sacramento's MBE/WBE program and was determined to be the effective lowest responsible bidder on this project with the application of the price preferences allowed. The calculation of the MBE/WBE price preferences is shown on page 6 of this report.

City Council

East Del Paso Heights #7, 7B (PN:TJ51) - Reject the Low and Second Low Bid/Contract Award and Fund Transfer of \$47,460

June 10, 1994

A bid protest was received against the third low bidder, Azteca Construction. The bid protest identified a possible violation by Azteca Construction of the California Public Contract Code, Chapter 4, "Subletting and Subcontracting" stating failure of the third low bidder to list a subcontractor for a portion of the project requiring specialized equipment and experience. In response, Azteca Construction provided evidence to the City of Sacramento that Azteca Construction has the equipment and expertise necessary to complete the cited work and that no violation of the Public Contract Code has occurred. The City Attorney's office has reviewed this matter.

The estimated project completion date is October 28, 1994.

FINANCIAL CONSIDERATIONS:

The engineer's estimated construction cost was \$446,200. The current estimated total project cost, including all planning, design and construction costs, is \$540,100. The current budget is \$508,000, which was approved in the 1993/94 Capital Improvement Program from Community Development Block Grant (CDBG)/Sacramento Housing and Redevelopment Agency (SHRA) Fund (205). As of June 9, 1994, this project had a balance of \$463,224.

There is a current estimated project fund shortfall of \$32,100. A source for additional necessary funding has been identified in the Miscellaneous Sewer Improvement project (PN:XB16) from the Sewer fund (414). This report recommends the adoption of a resolution authorizing the appropriation and transfer of \$47,460 from the Miscellaneous Sewer Improvement project (414-500-XB16-4414) to the East Del Paso Heights #7, #7B project (414-500-TJ51-4820). The amount of additional Sewer Fund (414) monies committed for this project was determined by the bid item prices received for the replacement of sewer services and sewer services with tees and to power wash a sewer line. As of June 9, 1994, the Miscellaneous Sewer Improvement project (PN:XB16) had a balance of \$128,000 from the Sewer Fund (414).

City Council

East Del Paso Heights #7, 7B (PN:TJ51) - Reject the Low and Second Low Bid/Contract Award and Fund Transfer of \$47,460

June 10, 1994

POLICY CONSIDERATIONS:

The subject project promotes City Council priorities regarding neighborhood revitalization and enhancement and public safety.

This action is consistent with Title 58, Sections 58.01.102 and 58.03.304 of the City Code concerning award of contract and Resolution No. 93-619 relating to MBE/WBE participation goals and policies adopted by the City Council on November 2, 1993.

MBE/WBE:

This project included MBE/WBE participation goals of 10.57% MBE and 9.5% WBE as required by Resolution No. 93-619, relating to MBE/WBE participation goals and policies, adopted by the City Council on November 2, 1993. Award of this contract is contingent upon the responsive low bidder either meeting the project MBE/WBE participation goals or making adequate Good Faith Effort to meet the goals. Bids submitted which meet or exceed the MBE/WBE goals are eligible for bid price preferences up to a maximum of 7% or \$25,000, whichever is lower.

There were 16 planholders for this project, three of which were MBEs and one was a WBE. Seven bids were received for this project. Two bids were received from MBE firms. No bids were received from WBE firms.

Staff recommends the City Council reject the apparent low bid and award the contract to Azteca Construction, a City certified MBE as the lowest responsible bidder after all bids are calculated to include the MBE/WBE bid price preference. The apparent low bidder was determined to be nonresponsive. The apparent second low bid was a responsive bid but was displaced by the apparent third low bidder's eligibility for a 7% bid price preference which reduced the apparent third low bidder's effective bid below the apparent second low bid. The apparent third low bidder is therefore determined to be the lowest responsible bidder.

City Council
 East Del Paso Heights #7, 7B (PN:TJ51) - Reject the Low and Second Low Bid/Contract Award and Fund Transfer of \$47,460
 June 10, 1994

The MBE/WBE participation achieved by the bidders as identified in their bids is listed in the following table:

Project goals:

MBE 10.5%
 WBE 9.5%

Contractor	M/WBE Status	Bid Amount	MBE		WBE		Good Faith Effort Documentation Submitted
			\$	%	\$	%	
Mascon/Flowline, J.V.	No	\$417,828.61	\$46,536	11.1	\$42,312	10.1	Yes
Teichert Construction	No	\$419,963	\$45,111	10.74	\$20,272	4.83	Yes
Azteca Construction	MBE	\$422,492	\$363,743	86.1	\$39,780	9.42	Not Required
Environmental Construction	MBE	\$433,496	\$422,689	97.5	\$10,807	2.5	Not Required
R.C. Collet, Inc.	No	\$442,907	\$70,507	15.92	\$226,152	51	Not Required
Western Engineering	No	\$452,233	\$26,411	5.84	42,410	9.4	Not Required
Syblon-Reid Co.	No	\$532,450	\$42,811	8.04	Ø	Ø	Not Required

The table below describes the calculations used to determine the lowest responsible bidder resulting from application of the City's MBE/WBE program price preferences. Based on the following calculations, Azteca Construction was determined to be the lowest responsible bidder.

3 Low Bidders	Bid Amount	Goals Achieved		Price Preference Earned	Effective Bid	Responsive Bid	Lowest Responsible Bid
		MBE	WBE				
Mascon/Flowline	\$417,828	N/A	N/A	N/A	N/A	No *	No
Teichert	\$419,963	Yes	No	2% (\$8,399.26)	\$411,563.74	Yes	No
Azteca	\$422,492	Yes	Yes	(\$25,000.00)**	\$397,492	Yes	Yes

City Council

East Del Paso Heights #7, 7B (PN:TJ51) - Reject the Low and Second Low Bid/Contract Award and Fund Transfer of \$47,460

June 10, 1994

- * **Mascon/Flowline was determined to be nonresponsive based on failure to meet the City of Sacramento's Standard Specifications for Public Works Construction, Section 2.9.**
- ** **The maximum price preferences available under the City's MBE/WBE program are 7% of the total bid price up to a maximum of \$25,000. The maximum price preference of \$25,000 was used in determining the effective bid of Azteca Construction.**

Plans and specifications were sent to seven (7) plan rooms and construction services organizations for publication and use by the construction industry of Northern California. There are four (4) organizations on the distribution list that are directly involved with outreach to MBE/WBE contractors.

Other MBE/WBE outreach efforts for this project included:

- **Advertisement of the project on the City of Sacramento Construction Project Bid Line (916) 392-4758.**
- **Free access to review the project plans and specifications at the City of Sacramento Planroom at Engineering Division offices at 927 10th Street.**


City Council

East Del Paso Heights #7, 7B (PN:TJ51) - Reject the Low and Second Low Bid/Contract Award and Fund Transfer of \$47,460

June 10, 1994

- Provided notice of this project to three minority chambers of commerce and three minority and women community organizations directly involved with outreach to MBE/WBEs.

Respectfully Submitted:


TERENCE W. MOORE
Engineering Division Manager

RECOMMENDATION APPROVED:


WILLIAM H. EDGAR
City Manager

APPROVED:


MICHAEL KASHIWAGI
Deputy Director of Public Works

FB:dt
EA8-15.1
06.1094.1

Attachment

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION APPROVING THE
TRANSFER OF \$47,460 TO THE
EAST DEL PASO HEIGHTS #7, #7B
PROJECT (PN:TJ51)

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. The 1993/94 City Capital Improvement Program is hereby amended by the appropriation and transfer of \$47,460 from the Miscellaneous Sewer Improvements project (414-500-XB16-4414) to the East Del Paso Heights #7, #7B project (414-500-TJ51-4820).

MAYOR

ATTEST:

CITY CLERK

EA8-15.I

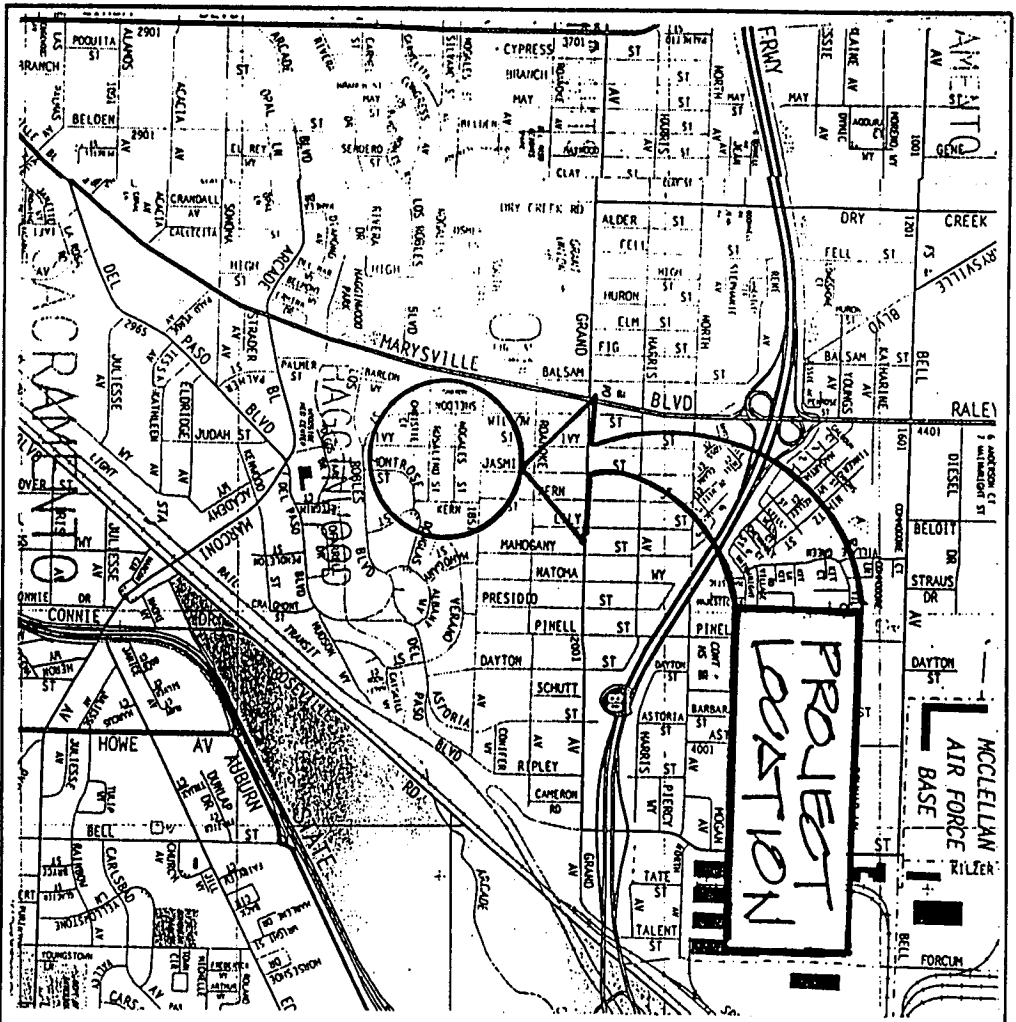
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FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

LOCATION MAP
FOR
EDPH NO.7



PN: TJ51

EAST DEL PASO HEIGHTS STREET IMPROVEMENTS #7/7B TJ51

Location: Kern Street - South Avenue to Montrose Street
 Rosalind Street - Ivy Street to Kern Street
Planning Area: North Sacramento **Council District:** 2

Project Description

Reconstruct existing road and construct curb, gutter, sidewalk, street lights, and necessary drainage system improvements.

Project Objectives

- Enhance and revitalize target area neighborhood.

Existing Situation

Kern Street and the south side of Rosalind Street do not have curb, gutter, sidewalk, and street lighting improvements.

Alternatives

- No project. Area would not receive standard street infrastructure found elsewhere in the City.

Operating Budget Impact

Minimal costs to maintain street lighting.

Project Costs

	Budget through 6/94	Unspent 6/94	-----Five Year Funding-----				
			1994/95	1995/96	1996/97	1997/98	1998/99
CDBG (205)	508	465	0	0	0	0	0
Sewer Funds (414)	0		47				
TOTAL	508	465	47	0	0	0	0

Phasing

To Date	1994/95	1995/96	1996/97	1997/98	1998/99
Advertise for Bids	construct				