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DEPARTMENT OF
UTILITIES
ENGINEERING SERVICES

CITY OF SACRAMENTO
CALIFORNIA

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August 12, 1993

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: REQUEST TO ANNUL AWARD OF CONTRACT TO LUPTON EXCAVATION, INC., FOR THE STEEL WATER MAIN REPLACEMENT - HOLLYWOOD PARK VIEW/SUTTERVILLE PARK UNIT NO. 3 (PN: ZB61-3) - AND REJECT ALL BIDS

LOCATION AND COUNCIL DISTRICT: This steel water main replacement project is located in an area north of Fruitridge Road along the west side of 24th Street (District 5).

RECOMMENDATION:

Staff recommends the City Council approve the attached resolution to annul the award of a contact for the Steel Water Main Replacement - Hollywood Park View/Sutterville Park Unit No. 3 project to Lupton Excavation, Inc., and reject all bids.

CONTACT PERSON: Gary E. Gosse, Supervising Engineer, 433-6611

FOR COUNCIL MEETING OF: August 24, 1993

SUMMARY

On April 6, 1993, the City Council approved plans and specifications for the project and authorized advertising for bids. Bids were received from eighteen contractors and opened by the City Clerk on May 5, 1993. On June 29, 1993 a contract in the amount of \$374,500 was awarded to Lupton Excavation, Inc., the low bidder.

Lupton Excavation has failed to sign a contract for the project within the allowable ten (10)



working day time period. Staff recommends rejecting all bids and re-advertising the project at a later date.

COMMITTEE/COMMISSION ACTION

None.

BACKGROUND INFORMATION

The project involves the replacement of the existing thin wall steel pipe water distribution system that is substandard and leaking with a new water distribution system. The overall water main replacement project is being accomplished in phases over a number of years. On April 6, 1993, the City Council approved plans and specifications for the current phase of the project and authorized advertising for bids. Bids were received from eighteen contractors and opened by the City Clerk on May 5, 1993.

The eighteen bids received were:

Lupton Excavation, Inc	\$	374,580
Richard Cox Construction, Inc		419,605
J. Bird and Sons Company, Inc		445,650
Cox and Cox Construction, Inc		452,100
McGuire and Hester		465,445
ABC Service		469,066
Sierra National Construction, Inc		469,825
Delta Excavating, Inc		471,075
Ahlstrom Construction Company, Inc		473,230
Pfister Excavating, Inc		482,545
Phillips Backhoe and Trenching		487,525
Lund Construction Company		498,550
GSE Construction Company, Inc		499,667*
Vulcan Construction and Maintenance		519,065
JJM Engineering Construction		551,550
Antovich Construction, Inc		567,400
T & S Construction Company, Inc		587,575
Daniel Ontiveras Construction Company		823,670*

Note: MBE/WBE contractors are indicated with (*).

City Council
August 17, 1993
Steel Water Main Replacement

A low bid of \$374,500 was received from Lupton Excavation, Inc. Since the June 29, 1993 date of contract award, Lupton Excavation has failed to sign a contract for the project within the required ten (10) working day period following notice of the award.

In accordance with paragraphs 58.305 and 58.306 of the Sacramento City Code, should a bidder to whom a contract is awarded fail to enter into the contract as required, the City Council may declare the award to the bidder a nullity, reject all bids, and re-advertise the project. Council may also award the contract to the next lowest responsible bidder, or may dispense with competitive bidding.

Additionally, Section 3-6 of the City Standard Specifications provides authority for forfeiture to the City Council of the bid security (bid bond) of the low bidder who fails to execute a contract. The bid security may be retained if Council chooses to award a contract to the second lowest bidder. The amount of low bidder's bid security (bid bond) may be applied by the City to the difference between the low bid and the second low bid and any surplus returned.

Staff recommends Council annul the contract award for the steel water main replacement project to Lupton Excavation, Inc., and reject all bids. The project can then be re-advertised in conjunction with the next phase of the Hollywood Park Steel Main Replacement Project. The re-advertised project will also utilize the most recent MBE/WBE requirements which were not available at the date of original advertisement in April 1993.

Staff further recommends that Council return the bid security (\$60,000 bid bond) of the low bidder, Lupton Excavation. The recommendation not to retain the bid bond is based on confusion created due to questions by City staff as to the sufficiency of the MBE/WBE information provided by the low bidder, Lupton Excavation. This confusion resulted in the award of the contract being delayed until June 29, 1993. Within the intervening time period between May 5, 1993, when bids were received, and June 29, 1993 when the contract was awarded, Lupton Excavation became convinced the company would not be awarded a contract for the project. Based on its belief, Lupton Excavation released its subcontractors, Vickers Core Bore and Tri-Delta Boring (both M/WBE firms), from their respective bids. Lupton has not been able to find other subcontractors who will perform the specific subcontract work for the same quoted price.

Under the circumstances, Lupton Excavation believes that it would be unfair for the City to retain the bid security (bid bond) as the company went to a great deal of effort in preparing their bid and providing the City with requested MBE/WBE information. Lupton Excavation has retained legal council to assist the company in getting the full amount of the bid security (\$60,000 bid bond) returned.

FINANCIAL CONSIDERATIONS

Re-advertising of the project will require additional staff time and expense, though these will be minimal since the project will be incorporated into the next phase of the overall project. The low bid that results from the project being re-advertised may be higher than the low bid of \$374,580 submitted by Lupton Excavation, or the second low bid of \$419,605 submitted by Richard Cox Construction, Inc. The Engineer's estimate of construction cost was \$468,070.

POLICY CONSIDERATIONS

The action recommended in this report to annul the contract award to the low bidder, reject all bids and re-advertise the project is consistent with Chapter 58, Article III, Section 58.305 of the City Code and with the Public Contract Code of the State of California.

MBE/WBE

The re-advertised project will utilize all current MBE/WBE requirements.


Respectfully submitted,



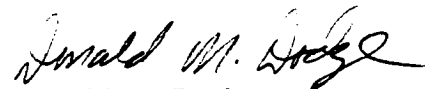
Gary A. Reents
Acting Engineering Services Manager

RECOMMENDATION APPROVED:

APPROVED:



William H. Edgar
City Manager



Donald M. Dodge
Director of Utilities

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION TO ANNUL THE AWARD OF CONTRACT TO LUPTON EXCAVATION, INC FOR THE STEEL WATER MAIN REPLACEMENT HOLLYWOOD PARK VIEW/SUTTERVILLE PARK UNIT NO. 3 (PN: ZB61) AND REJECT ALL BIDS

BE IT RESOLVED BY THE CITY COUNCIL OF SACRAMENTO THAT:

In accordance with Section 58.305 and 58.306 of the Sacramento City Code, the contract award to the lowest responsible bidder, Lupton Excavation, Inc. for Steel Water Main Replacement - Hollywood Park View/Sutterville Park Unit No. 3 (PN:ZB61) is declared a nullity and all bids are rejected.

The bid security (\$60,000 bid bond) submitted by Lupton Excavation, Inc., the low bidder is to be released to Lupton Excavation, Inc.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____