



City Council Report

915 I Street, 1st Floor

Sacramento, CA 95814

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File ID: 2019-01045

July 30, 2019

Consent Item 14

Title: Rejection of Bid and Suspension of Competitive Bidding for Fire Station 14 Project (Two-Thirds Vote Required)

Location: 1400 North B Street, District 3

Recommendation: Pass a Motion: 1) rejecting the bid received for Bid B19014541009 for construction of Fire Station 14; 2) suspending competitive bidding in the best interests of the City for the Fire Station 14 project; and 3) authorizing the City Manager or the City Manager's designee to enter into negotiations with the sole responsive, responsible bidder, D.L. Falk Construction, Inc., regarding the scope of work and not-to-exceed amount of the project based on implementation of certain value engineering savings.

Contact: Amy Smith, Senior Architect (916) 808-2262, Mark C. Brown, Supervising Engineer (916) 808-7118, James Christensen, Facilities Manager (916) 808-5863, Department of Public Works

Presenter: None

Attachments:

1-Description/Analysis

Description/Analysis

Issue Detail: In February 2019, the City issued Invitation for Bid (IFB) No. B1901451009 for the construction of a new Fire Station 14 to replace the existing Fire Station 14 which has exceeded its useful life. A single bid was received by D. L Falk Construction, Inc. and it exceeded the engineer's estimate by 33%. There are currently insufficient funds in the Fire Station Replacement Program (F13000800) to award the project to the low bidder. Rejecting the bid, suspending competitive bidding, and proceeding with negotiations with D.L. Falk Construction, Inc. will allow the City to proceed with construction in a timely manner and avoid continued escalation costs.

Policy Considerations: The action requested herein is consistent with City API 4002, Section 8.5(b), which requires City Council authority to reject bids for contracts of \$100,000 or more. City Code Section 3.60.170(D) permits suspension of competitive bidding when, upon two thirds vote of the City Council, it is determined that it is in the best interests of the City to suspend competitive bidding for any contract. In this instance, the sole timely bid substantially exceeds the engineer's estimate. City staff believes that it is in the City's best interests to reject the D.L. Falk Construction, Inc. bid for the Fire Station 14 project and suspend competitive bidding so the City can negotiate with D.L. Falk Construction, Inc. because:

- The shortage of labor currently in the workforce and the impact that has on the sub-contracting community continues to drive building cost escalation.
- Potential cost savings recognized from value engineering, re-design, and re-bidding are likely to be absorbed by the cost of escalation over the time those activities would consume.
- Negotiating with the sole responsive, responsible bidder to incorporate certain value engineering savings and cost-cutting measures can bring the project better into budget alignment.

Economic Impacts: None

Environmental Considerations: No environmental review is necessary because the recommendation in this report involves administrative activities that will not result in direct or indirect physical changes in the environment and is not considered to be a project in accordance with Section 15378(b)(5) of the CEQA Guidelines, and is not subject to CEQA in accordance with Section 15060(c)(3) of the CEQA guidelines.

Sustainability: Not applicable

Commission/Committee Action: None

Rationale for Recommendation: On February 13, 2019, the Department of Public Works issued an Invitation to Bid No. B19014541009. One Bid was received that was determined to be responsive and responsible in meeting all requirements for this project. The results of IFB No. B19014541009 are listed in the table below.

Contractor	Base Bid	Total Bid	LBE %
D.L. Falk Construction, Inc.	\$9,974,000	\$9,974,000	25%

The City's engineer estimate for construction costs was \$7,495,000.

Staff recommends that City Council reject all bids for the Fire Station 14 project, suspend competitive bidding, and authorize staff to negotiate with D.L. Falk Construction, Inc. regarding changes to the scope of work and not-to-exceed amount to achieve certain value engineering savings, the soonest construction start date, and avoid continued escalation of construction costs given the current bidding climate. Once a new construction contract is negotiated with D.L. Falk Construction, Inc., staff will bring that contract to City Council for approval.

Financial Considerations: Rejecting the bid and entering into negotiations will incur minimal staff costs, and moderate general contractor estimating costs, as well as design and engineering costs, to incorporate certain value engineering savings into the project.

Sufficient funding exists in the Fire Station Replacement Program (F13000800) to support the recommended action.

Local Business Enterprise (LBE): Not applicable.