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APPROVED
BY THE CITY COUNCIL

OCT 13 1998

DEPARTMENT OF
PUBLIC WORKS

CITY OF SACRAMENTO
CALIFORNIA

OFFICE OF THE
CITY CLERK

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SACRAMENTO, CA
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TECHNICAL SERVICES
DIVISION

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AG 98-172
C098-170

October 6, 1998

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: APPROVAL OF COOPERATIVE AGREEMENT WITH GRANITE PARTNERS, APPROVAL OF PLANS AND SPECIFICATIONS, APPROPRIATION OF FUNDS, REJECTION OF ALL BIDS, SUSPENSION OF COMPETITIVE BIDDING AND APPROVAL TO ENTER INTO NEGOTIATIONS WITH FCI CONSTRUCTORS FOR THE POWER INN/RT GRADE SEPARATION PROJECT (PN:TM21/ZG26)

LOCATION AND COUNCIL DISTRICT:

Power Inn Road, South of Folsom Boulevard. Council District 6.

RECOMMENDATION:

This report recommends that the City Council:

- Approve the Plans and Specifications;
- Approve the attached Cooperative Agreement with Granite Construction and Regional Park General;
- Adopt the attached resolution which appropriates \$8,020,000 to the Project, including a \$4,000,000 loan from the Measure A State Highway Account;
- Reject all bids;
- Adopt the attached resolution suspending competitive bidding (requires 2/3 vote), and enter into negotiations with FCI Constructors for the Power Inn/RT Grade Separation Project; and

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- Authorize the City Manager to award the contract, upon completion of the negotiations, in an amount not to exceed \$7,722,306.

CONTACT PERSON: Ken Grehm, Project Manager, 264-7531

FOR COUNCIL MEETING OF: October 6, 1998

SUMMARY:

The proposed project will lower Power Inn Road underneath the existing heavy and light rail track just south of Folsom Boulevard.

Approval of an Agreement with Granite Partners is required to allow drainage to the Granite Park site and funding appropriations are necessary to construct the project. It is recommended to reject bids, suspend competitive bidding and negotiate with FCI Constructors.

COMMITTEE/COMMISSION ACTION

None.

BACKGROUND INFORMATION:

- The project is a joint City and Regional Transit Project. Regional Transit is paying \$2,425,000 and the City will fund the remaining costs. The project includes construction of an underpass and bridges to accommodate train and pedestrian traffic and other related improvements. The improvements complement and support findings of the Southeast Area Transportation Study by allowing the widening of Power Inn Road to a six-lane facility in the future.
- Approval of the Cooperative Agreement with Granite Partners is necessary to transport street drainage in the underpass to the Granite pit site. In exchange the City will pay 6.27% of the future drainage improvement costs, not to exceed \$300,000, in the Granite Park basin. The City benefits by not having to construct and maintain a new pump station in the underpass and instead helping to pay for infrastructure that will eventually benefit the future Granite Regional Park.
- The project was one of two City projects receiving funds from the 1998 State Transportation Improvement Program. Approval of the Program Supplement, when received, will allow the City to receive \$4,000,000 from the State.
- This project was advertised and bids were received on August 26, 1998, and are summarized below:

Contractor	Bid Amount	MBE Participation Goal 10.57%	WBE Participation Goal 9.5%	Good Faith Effort
FCI Constructors	\$7,336,205.10	9.69%	1.80%	Yes
Syblon Reid Construction	\$8,886,152.20	8.08%	0.68%	Yes
Shimmick Construction	\$9,855,506.00	6.15%	2.37%	*
Granite Construction	\$10,752,568.60	3.74%	1.68	*

- The construction estimate was \$7,000,000.
- Two days after the bids were opened, the low bidder, FCI Constructors (FCI), notified the City of an error in calculating one bid item that resulted in the omission of \$386,100 from FCI's bid and requested relief from its bid pursuant to Public Contract Code Sections 5101 and 5103. FCI has indicated that they can perform the contract if allowed to correct the error, which would raise their bid amount from \$7,336,205.10 to \$7,722,305.10. The City has four possible courses of action:
 1. Award the contract to FCI at its (uncorrected) bid price.
 2. Grant FCI relief from its claimed bid error by releasing FCI from its bid, then awarding the contract to the second lowest bidder.
 3. Reject all bids and then re-bid the contract pursuant to City Charter Section 203 and City Code Sections 58.03.304 and 58.03.306.
 4. Reject all bids, then suspend competitive bidding in the best interest of the City (requires 2/3 vote) and authorize the negotiation of a contract with FCI, pursuant to City Charter Section 203 and City Code Sections 58.03.304 and 58.04.401.

Staff recommends against the first three options. The first option is not recommended because staff believes that FCI has adequately demonstrated that its claimed bid error resulted from an inadvertent mistake and was not intentional so that it would be unfair to require performance at the uncorrected price. Options 2 and 3 are not recommended because there are currently no funds available to award the project to the second lowest bidder at an additional cost of over \$1,000,000 and re-bidding the project could delay project completion from the year 2000 until 2001 and cause additional right-of-way costs due to the expiration of temporary construction easements in the year 2000. Option 4 (reject all bids, suspend

competitive bidding and negotiate with FCI) will allow construction to proceed quickly and at the lowest possible cost. There is no reason to believe that we will receive a lower bid if the project is re-bid. For these reasons, Option 4 is recommended as the course of action that is in the best interest of the City.

- High construction bids are due to the complexity of the project and the need to maintain traffic on Power Inn Road that carries approximately 40,000 car per day and maintaining heavy and light rail service throughout the project duration.

FINANCIAL CONSIDERATIONS:

The estimated total project cost (using FCI's modified bid value) is \$12,498,000. The current project budget is \$4,133,000 in Measure A funds and \$345,000 in Water funds (413, ZG26). The following appropriations are required to fund the project:

Loan From Measure A State Highway (201)	\$4,000,000
Regional Transit (Agreement 95-173-1;248)	2,425,000
Measure A State Highway (201)	1,500,000
Home Depot Contribution (248)	<u>95,000</u>
Total	\$8,020,000

Because the State has not yet executed the Program Supplement, staff proposes to lend \$4,000,000 from the Measure A State Highway Account to the project. These funds will be replaced upon execution of the Program Supplement. The Measure A State Highway account has a current balance of \$6,734,180. The City Water funds will be used to construct a new 66" diameter water main in Power Inn Road. Home Depot provided \$95,000 as their contribution to a pedestrian bridge across Power Inn Road and landscaping in the northwest quadrant of the project site.

ENVIRONMENTAL CONSIDERATIONS:

An Environmental Impact Report (EIR) was prepared and circulated for this project and was approved by the City Council on April 14, 1998. The Notice of Determination was filed with the County Clerk on April 16, 1998.

POLICY CONSIDERATIONS:

The action requested herein is consistent with Sacramento City Code, Title 58.

MBE/WBE:

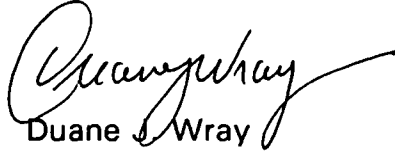
To encourage minority participation, plans and specifications were sent to 8 plan rooms and construction services organization for publication. Four are directly involved with

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MBE/WBE construction firms. Staff actively recruited available MBE/WBE firms to participate in the bid process.

The project was also announced on the Project Information Line and on the City's Internet site at www.sacto.org/bids. Project notices were sent to 30 organizations involved in MBE/WBE recruitment.

Respectfully submitted,



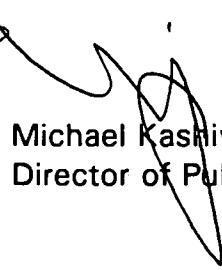
Duane J. Wray
Technical Services Manager

RECOMMENDATION APPROVED:



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WILLIAM H. EDGAR
City Manager

Approved:



Michael Kashiwagi
Director of Public Works

APPROVED
BY THE CITY COUNCIL

OCT 13 1998

OFFICE OF THE
CITY CLERK

RESOLUTION NO. 98-518

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION AUTHORIZING APPROVAL OF COOPERATIVE AGREEMENT, APPROPRIATION OF FUNDS IN AN AMOUNT OF \$8,020,000, REJECTION OF BIDS, SUSPENSION OF COMPETITIVE BIDDING AND AUTHORIZE THE CITY MANAGER TO ENTER INTO CONTRACT NEGOTIATIONS AND AWARD THE CONTRACT TO FCI CONSTRUCTORS, IN AN AMOUNT NOT TO EXCEED \$7,722,306, UPON COMPLETION OF THE NEGOTIATIONS FOR THE POWER INN/RT GRADE SEPARATION PROJECT (PN: TM21)

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

1. The City Manager and the City Clerk are authorized to execute the Cooperative Agreement with Granite Construction Company and Regional Park General in an amount not to exceed \$300,000.
2. The Capital Grant Revenue Budgets (248-500-TM21-3511) be increased in the amount of \$2,520,000 as follows:

Agreement 95-173-1 with Regional Transit (248)	\$2,425,000
Home Depot Development Contribution (248)	95,000

3. \$2,520,000 be appropriated to the Power Inn/RT Grade Separation Project as follows:

248-500-TM21-4820	\$2,520,000
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4. \$5,500,000 be transferred to the project as follows:

<u>From</u> 201-500-TH11-4820		<u>To</u> 201-500-TM21-4820
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RESOLUTION NO.: _____

DATE ADOPTED: _____

5. All bids are rejected for the Power Inn/RT Grade Separation Project.
6. In the best interest of the City, competitive bidding is hereby suspended for the Power Inn/RT Grade Separation Project.
7. The City Manager is authorized to enter into negotiations with FCI Constructors.
8. The City Manager is authorized to award the contract to FCI Constructors upon completion of the negotiations in an amount not to exceed \$7,722,306.

MAYOR

ATTEST:

CITY CLERK

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RESOLUTION NO.: _____

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