



# *CITY COUNCIL AGENDA REPORT*

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MEETING DATE: JULY 3, 2007

ITEM NUMBER:

**SUBJECT:** RELEASE OF CASH DEPOSIT FOR BID BOND IN CONNECTION WITH PICNIC SHELTER DEMOLITION AND REPLACEMENT AT WAKEHAM PARK, 3400 SMALLEY ROAD, COSTA MESA - CITY PROJECT NO. 06-24

**DATE:** JUNE 20, 2007

**FROM:** PUBLIC SERVICES DEPARTMENT/ENGINEERING DIVISION

**PRESENTATION BY:** WILLIAM J. MORRIS, DIRECTOR OF PUBLIC SERVICES

**FOR FURTHER INFORMATION CONTACT:** BRUCE HARTLEY, MAINTENANCE SERVICES  
MANAGER (714) 754-5164

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## **RECOMMENDED ACTION:**

1. Release the cash deposit for bid bond in the amount of \$9,991.70 to T.W. Contracting, Inc., 1111 E. Commonwealth Avenue, No. E, Fullerton, CA 92831.

## **BACKGROUND:**

On April 9, 2007, staff advertised City Project No. 06-24 for the Picnic Shelter Demolition and Replacement at Wakeham Park, located at 3400 Smalley Road, Costa Mesa. The project specifications included a contractual requirement that all bids be submitted with a bid bond in the form of cash, money order, a cashier's check, or by a surety bond in an amount equal to at least ten (10) percent of the bid. Said bond is forfeited in case the bidder depositing the bond does not, within ten (10) days after written notice, execute the contract.

## **ANALYSIS:**

On May 14, 2007, the City Clerk received and opened seven (7) bids for this project. Hondo Company, Inc. was the apparent low bidder with a total base bid proposal of \$89,900.00. Subsequently, Hondo Company, Inc. met all the required bidding obligations, and on May 31, 2007 a construction contract in the amount of \$89,900.00 was awarded.

The third lowest bidder, T.W. Contracting, Inc., submitted a bid proposal in the amount of \$99,917.00 and, in lieu of a bid bond, provided a cashier's check in the amount of \$9,991.70 in accordance with the project specifications. Since the construction contract has been signed the City does not need to resort to the second or third lowest bidder. Therefore, all conditions of the contract have been met and there is no necessity for the bid bond to be held any longer. The refund request form is included as "Attachment 1."

**ALTERNATIVES CONSIDERED:**

The alternative to this Council action would be to retain the bid bond. However, the project specifications state that when the firm enters into and executes a contract and faithful performance bond upon notification from the City, then the obligation of all the bid bonds shall become null and void. These conditions have been met; therefore, retention of the bid bond would be in violation of the project specifications.

**FISCAL REVIEW:**

There is no fiscal impact to the City relative to this item.

**LEGAL REVIEW:**

There is no legal review required relative to this item.

**CONCLUSION:**

All of the obligations of the contract have been met by the low apparent bidder. Therefore, staff recommends that the cash bid bond in the amount of \$9,991.70 be released to T.W. Contracting, Inc.

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**ERNESTO MUNOZ**  
City Engineer

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**WILLIAM J. MORRIS**  
Director of Public Services

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**MARC R. PUCKETT**  
Director of Finance

DISTRIBUTION: City Manager  
Assistant City Manager  
City Attorney  
City Clerk  
Maintenance Services Manager  
Staff

ATTACHMENTS: "1" [Refund Request Form](#)

