



CITY COUNCIL AGENDA REPORT

MEETING DATE: SEPTEMBER 16, 2008

ITEM NUMBER:

SUBJECT: RELEASE OF CASH DEPOSIT FOR TEN (10) PERCENT BID BOND IN CONNECTION WITH EXTERIOR LEAD-BASED PAINT ABATEMENT AT COSTA MESA POLICE FACILITY – EAST PHASE - CITY PROJECT NO. 08-11

DATE: SEPTEMBER 4, 2008

FROM: PUBLIC SERVICES DEPARTMENT/ENGINEERING DIVISION

PRESENTATION BY: PETER NAGHAVI, DIRECTOR OF PUBLIC SERVICES

FOR FURTHER INFORMATION CONTACT: ERNESTO MUÑOZ, CITY ENGINEER, (714) 754-5335

RECOMMENDED ACTION:

1. Release the cash deposit for a bid bond in the amount of \$7,900.00 to All County Environmental, Inc., 1081 North Shepard Street, Suite H, Anaheim, CA 92806.

BACKGROUND:

On June 18, 2008, staff advertised City Project No. 08-11 for the Exterior Lead-Based Paint Abatement at Costa Mesa Police Facility – East Phase (Exterior Paint at Columns near City Hall). In compliance with Public Contract Code, Section 20170, 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.

ANALYSIS:

The City Clerk received and opened eight (8) bids for this project on July 21, 2008. Miller Environmental, Inc. was the apparent low bidder with a bid proposal of \$53,000. Subsequently, Miller Environmental, Inc., has met all the required bidding obligations, and a construction contract in the amount of \$53,000 will be awarded in accordance with the Purchasing Division procedures.

The third lowest bidder, All County Environmental, Inc., submitted a bid proposal in the amount of \$76,230.00 and, in lieu of a bid bond, provided a cashier's check in the amount of \$7,900.00 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 bid bond have been met by the low apparent bidder. Therefore, staff recommends that the cash bid bond in the amount of \$7,900.00 be released to All County Environmental, Inc.

ERNESTO MUÑOZ
City Engineer

PETER NAGHAVI
Director of Public Services

MARC R. PUCKETT
Director of Finance

DISTRIBUTION: City Manager
Asst. City Manager
City Clerk
City Attorney
Staff

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