



CITY COUNCIL AGENDA REPORT

MEETING DATE: NOVEMBER 3, 2009

ITEM NUMBER:

SUBJECT: CONSTRUCTION OF WALNUT PLACE DRAINAGE IMPROVEMENTS – CITY PROJECT NO. 09-23

DATE: OCTOBER 22, 2009

FROM: PUBLIC SERVICES DEPARTMENT/ENGINEERING DIVISION

PRESENTATION BY: PETER NAGHAVI, DIRECTOR, DEPARTMENT OF PUBLIC SERVICES

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

RECOMMENDATION:

1. Adopt plans, specifications, and working details for the construction of Walnut Place Drainage Improvements, City Project No. 09-23.
2. Reject the bid from Sandoval & Johnson Construction & Engineering Pipeline, Inc.
3. Award a construction contract to TTS Engineering, 16835 Algonquin Street, #453, Huntington Beach, California, 92649, in the amount of \$373,289.32.
4. Authorize the Mayor and the City Clerk to execute the Public Works Agreement.

BACKGROUND:

A comprehensive Master Plan of Drainage Study was conducted Citywide to provide information on the City's storm drain system and the cost to upgrade and/or construct new underground systems where needed. In August 15, 2006, the City Council approved the priorities in the Master Plan of Drainage and directed staff to upgrade and/or construct storm drain systems as recommended.

ANALYSIS:

The work to be performed under this contract includes the underground installation of reinforced concrete storm drain pipe (RCP), manholes, and catch basins from the intersection of Irvine Avenue, west on Costa Mesa Street, and north through an easement to Walnut Place.

On September 10, 2009, the City Clerk received and opened twenty (20) bids for this project. The lowest bid was submitted by Sandoval & Johnson Construction & Pipeline, Inc. (Sandoval) in the amount of \$361,864.88. The bid has irregularities and is being recommended for rejection. The next apparent lowest bidder, TTS Engineering, submitted a bid proposal in the amount of \$373,289.32 and is recommended for acceptance as the lowest apparent bidder. The Engineer's estimate was \$447,140.00; and the average of the remaining nineteen (19) bids received for this project amounted to \$489,322.24. An analysis of the bids indicates that the recommended apparent low bidder, TTS Engineering, submitted a bid proposal that is sixteen percent (16%) lower than the Engineer's estimate.

The variance between the low bidder and the Engineer's estimate may be attributed to the highly competitive conditions in the construction industry at this time. The Bid Abstract is included as Attachment "1".

On September 17, 2009, TTS Engineering submitted a protest letter requesting that the City reject Sandoval's bid proposal due to bid irregularities (Attachment 2). City staff has determined that Sandoval's bid proposal established uncertainty in the true intent of their bid when compared to the other bidders. Sandoval arbitrarily increased a bid item quantity which materially changed the basis for determining the ranking of the contractors.

The license and references of TTS Engineering were checked and staff has found them to be in good standing.

ALTERNATIVES CONSIDERED:

An alternative to this Council action would be to reject all the bids. If all the bids were rejected, the City would need to readvertise or cancel the project. Staff does not recommend this alternative as it would delay the project by several months and may not result in lower bids.

FISCAL REVIEW:

The City Council allocated a total of \$600,000 towards the design and construction cost for the Walnut Place storm drain system.

LEGAL REVIEW:

TTS Engineering has furnished the necessary bonds and insurance, which have been approved as to form by the City Attorney. After the award and subsequent execution of the contract, a "Notice to Proceed" will be issued.

CONCLUSION:

The City has received bids for the construction of Walnut Place drainage improvements, City Project No. 09-23. Staff has evaluated all bids and recommends that the City Council adopt the plans, specifications, and working details for said project; reject the bid from Sandoval & Johnson Construction & Engineering Pipeline, Inc.; award the contract to the apparent low bidder TTS Engineering in the amount of \$373,289.32; and authorize the Mayor and the City Clerk to execute the Public Works Agreement.

ERNESTO MUÑOZ
City Engineer

PETER NAGHAVI, DIRECTOR
Department of Public Services

COLLEEN O'DONOGHUE
Assistant Finance Director

ATTACHMENTS: "1" [Bid Abstract](#)
 "2" [Letter from TTS Engineering](#)

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