



AGENCY: City Council
MEETING DATE: December 11, 2017
DEPARTMENT: Public Works
PRESENTED BY: T. Varga
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AGENDA ITEM SUMMARY

TITLE:

RECEIVE REPORT AND CONSIDER ADOPTION OF CITY COUNCIL RESOLUTION ACCEPTING THE BID OF AKEFF CONSTRUCTION SERVICES, INC. AS THE LOWEST RESPONSIVE BID, AWARDING THE CONTRACT FOR THE CONSTRUCTION OF THE NEW WATER TANK PROJECT, CITY PROJECT NO. 2017-08, TO AKEFF CONSTRUCTION SERVICES, INC. AND AUTHORIZING CITY MANAGER TO EXECUTE CONTRACT (AMOUNT NOT TO EXCEED \$1,459,000) AND APPROVING BUDGET ADJUSTMENT NO. 2018-11, AMENDING THE FY 2017-2018 BUDGET TO APPROPRIATE FUNDS BY TRANSERRING \$367,200 FROM THE WATER ENTERPRISE CAPITAL RESERVE FUND 615 TO ACCOUNT NO. 650-6003-0731

ISSUE:

On November 9, 2017, the City invited bids from qualified construction companies interested in contracting with the City to build the New Water Tank Project. Bids were opened on December 4, 2017; two bids were received. The lowest bid was from Akeff Construction Services in the amount of \$1,459,000 (Attachment 1). The other responsive bid was from MDS Engineering & Construction, Inc. for \$1,745,400 (Attachment 2). A bid protest was subsequently received from MDS Engineering & Construction, Inc. Staff is recommending that the Council reject the protest and award the contract to Akeff Construction Services. The recommended resolution also includes a budget adjustment to allocate \$367,200 from the Water Enterprise Capital Reserve Fund to the capital project fund for the New Water Tank Project.

ANALYSIS:

Fort Bragg relies on springs and river water flows for its water supply. With an aging water storage tank, installation of a new tank is a critical link in the City's water system sustainability and redundancy. Storage of adequate finished water supplies is essential to ensure sufficient pressure and fire flows to meet the demands of the entire community. Finished water storage is valuable for responding to drought conditions.

The New Water Tank Project was identified as a Community Development Block Grant (CDBG) priority activity by the Council on June 13, 2016. The 1.5 million gallon water tank will be constructed on the City's property on the north side of Cedar Street, located across from the corporation yard. The City has been awarded a \$1,395,000 CDBG grant to help offset the costs of the New Water Tank Project. A portion of the grant funds will cover costs associated with project design, and construction management, staking and materials testing services.

A budget amendment in the amount of \$367,200 is necessary to supplement the funds allocated in the FY 2017/18 Capital Projects budget for the New Water Tank Project. Approximately half of the increase is due to increased material costs, primarily resulting from a spike in steel costs. The remainder is due to design revisions that will improve operation of the tank and also valving that will be installed in anticipation of a new water distribution main in adjacent Cedar Street. This additional cost can be absorbed by the Water Enterprise Capital Reserve Fund. The net increase

in budgeted appropriations will be \$117,200, as \$250,000 can be covered by savings that were realized on the Summers Lane Reservoir cover.

A bid protest was received on Tuesday, December 5, 2017 from MDS Engineering & Construction, Inc. (Attachment 3). MDS submitted a responsive bid in the amount of \$1,745,400. The protest alleges: (1) the low bidder, Akeff Construction Services, did not demonstrate sufficient experience on the "Contractors Reference Form," (2) the tank foundation is a complex, heavy civil project requiring an experienced project manager, (3) the listed concrete sub-contractor, Franco Construction, is not sufficiently experienced to pour the foundation, and (4) the sub-contract amount of \$450,000.00 declared on the "List of Proposed Subcontractors" represents a price for the water tank that differs greatly from the bid item amount of \$828,050.00 listed on the "Revised Bid Schedule" and was also compared to a quote provided by the tank manufacturer, California Aquastore, in the amount of \$861,850. MDS alleges that this discrepancy is an "obvious error...blatant error" that "cannot be accepted by a public entity..."

In reviewing the bid protest and the alleged defects in Akeff's bid, the following is noted. First, the "Contractors Reference Form," is not necessarily representative of Akeff's construction experience that includes heavy civil projects. Other projects that Akeff has successfully completed in recent years include: Coastal Trail Phase II; Improvements to S. Main Street (State Route 1) and Boatyard Drive, a private project for the developer of the Riverview Subdivision; Chestnut Street Corridor Project; Waterfall Gulch Raw Water Line Replacement, etc. These were all projects valued in excess of \$1,000,000 that involved extensive grading, extensive concrete improvements, storm drainage or major water piping/valving/etc. Akeff has demonstrated previous proficiency to be a qualified contractor for the New Water Tank Project. Second, the tank foundation is not considered an unusual or complex item of construction, nor is 400 cubic yards of reinforced concrete work particularly large. Furthermore, the City is hiring a construction management firm that will provide a full time inspector with extensive experience in the construction of water tanks to provide project oversight and inspection. Third, as already noted, the concrete foundation is not considered very difficult and is well within the abilities of Franco Construction as demonstrated in their previous projects in this area. Fourth, the \$450,000 noted in Akeff's "List of Proposed Subcontractors" is the value of the subcontract and not the cost of the water tank installed which is correctly stated in the "Revised Bid Schedule." The \$450,000 represents the installation cost and excludes the cost of materials to be purchased by the contractor. There is no discrepancy between the two numbers. Finally, both bidders have proposed using California Aquastore as the source of the water tank. California Aquastore will fabricate, transport, and erect the water tank.

RECOMMENDED ACTION:

Approve the construction contract to Akeff Construction Services and adopt the Resolution awarding the bid of \$1,459,000 for construction of the New Water Tank Project and authorize the City Manager to execute the contract; and approve Budget Adjustment No. 2018-11 amending the FY 2017/18 Budget to appropriate funds in the amount of \$367,200 from the Water Enterprise Capital Reserve fund 615 and transfer to account 650-6003-0731.

ALTERNATIVE ACTION(S):

Award the construction contract to MDS Engineering & Construction, Inc. and adopt the Resolution awarding the bid of \$1,745,400 for construction of the New Water Tank Project and authorize the City Manager to execute the contract; and approve Budget Adjustment No. 2018-11 amending the FY 2017/18 Budget to appropriate funds in the amount of \$653,600 from the Water Enterprise Capital Reserve fund 615 and transfer to account 650-6003-0731.

FISCAL IMPACT:

The CDBG grant was appropriated in the City's FY 2017-2018 Budget. The Construction Bid from Akeff Construction Services is \$1,495,000, leaving \$367,200 exceeding the CDBG grant. The \$250,000 cost savings on the Summers Lane Reservoir cover and transfer of an additional \$117,200 will provide adequate funding for this project. Alternatively if the contract is awarded to MDS Engineering & Construction, a \$653,600 budget amendment would be necessary. The \$250,000 cost savings on the Summers Lane Reservoir cover and transfer of an additional \$403,600 would be needed to provide adequate funding for this project.

CONSISTENCY:

This contract is consistent with the City's Capital Improvement Program as identified in the FY 2017/18 Adopted Budget.

IMPLEMENTATION/TIMEFRAMES:

Construction Contract awarded– December 11, 2017

Start Construction – late December 2017 or early January 2018

Complete Construction – April/May 2018

ATTACHMENTS:

1. Akeff Construction Bid
2. MDS Construction Bid
3. MDS Bid Protest
4. Resolution- Akeff award
5. Resolution- MDS award
6. Contract

NOTIFICATION:

1. Akeff Construction Services, Inc.
2. MDS Construction & Engineering, Inc.