



City Council

Bid Award for the McAllister Transmission Main Project

Agenda Date: 7/10/2012
Agenda Item Number: 6.A
File Number: 12-0266

Type: decision **Version:** 1 **Status:** Passed

Title

Bid Award for the McAllister Transmission Main Project

Issue:

Whether to confirm staff's recommendation to award the McAllister Transmission Main Project to Scarsella Brothers, Inc., as the lowest responsible, responsive bidder, confirming staff's determination of non-responsibility of WM. Dickson Co. and Jennings Northwest LLC for failure to meet the supplemental bidder responsibility criteria required for award of this project.

Committee Recommendation:

Not referred to a committee.

City Manager's Recommendation:

Move to confirm City staff's determination of non-responsibility of bidders WM. Dickson Co. and Jennings Northwest LLC for failure to meet the criteria required in the bid documents, rejecting both bids and awarding the contract for the McAllister Transmission Main to the lowest responsive, responsible bidder, Scarsella Brothers, Inc., in the amount of \$3,150,176.86, authorizing the City Manager to execute all documents necessary to proceed with such determination and award.

Staff Contact:

Rich Hoey, P.E., Director, Public Works Department, 360.753.8495

Background and Analysis:

Project History. In 1995, concerns over the vulnerability of McAllister Springs and costly requirements for water quality treatment led the City to request a transfer of its water rights from McAllister Springs (and nearby Abbott Springs) to the McAllister Wellfield. Nearly 17 years later, in January of this year, the Department of Ecology issued water rights for the McAllister Wellfield. As a result, the City will be able to use this Wellfield as a source to serve its drinking water customers in the near future. This will provide a more protected and productive supply of drinking water for City water customers. (See Attachment 4 for project background.)

The McAllister Transmission Main Project consists of construction of nearly one mile of pipeline to connect the Wellfield to the City's existing water transmission main at McAllister Springs. McAllister Wellfield will ultimately replace McAllister Springs as Olympia's main supply of drinking water. This project is not a routine public works project and involves the installation of thousands of linear feet of large diameter welded steel pipe, together with installation of underground large size steel casing by jacking under a

railway crossing. Because this type of project is unique, City staff drafted detailed, objective supplemental bidder responsibility criteria to ensure that the contractor, as well as the pipe manufacturer and the contractor's personnel, would all have current, relevant experience with similar work. As is permitted by law, during the bid process, the City received three requests to change the criteria. Staff carefully evaluated each request and ultimately decided to amend its criteria in one respect- by extending the time period in which a contractor could have performed similar work from within the last five years, to the last ten years.

Legal authority to require supplemental bidder responsibility criteria. RCW 39.04.350 allows municipalities to adopt relevant supplemental criteria to measure whether a bidder is "responsible" in the public entity's view. For example, this project requires installation of thousands of feet of large diameter welded steel pipe so the City required that contractors, and their personnel, have recent experience installing several thousand feet of that type of pipe. Bidders who fail to meet the criteria are determined to be non-responsible and not eligible to be awarded the contract. The law allowing supplemental bid criteria was passed to allow public entities additional measures, beyond the lowest bid, in which to ensure that a public project will be built properly and at the lowest cost. It is important to note that just because a contractor is determined to be "non-responsible" for failure to meet supplemental bidder responsibility criteria on a project does not mean that contractor is not a good contractor. It simply means that the contractor did not meet the specific criteria the public entity deemed important to work on that particular project.

The process to find a bidder non-responsible is outlined as follows:

1. A preliminary determination is made by staff (see attached letters sent to WM. Dickson Co. and Jennings Northwest LLC dated June 26, 2012);
2. Those contractors deemed not to be responsible have 24 hours to appeal and may submit additional information for consideration;
3. A final determination must be issued by Council;
4. After the final determination is issued and award is made, the City cannot execute a contract with the successful bidder until two business days after the bidder receives notice of the final determination, allowing those deemed non-responsible to seek relief in court.

Bids on this Project. The City received seven (7) bids. The bid proposal from the lowest bidder (WM. Dickson Co.) and the second lowest bidder (Jennings Northwest LLC) failed to meet the supplemental bidder responsibility criteria, thus requiring a determination of non-responsibility and rejection of those two bids. The determination of non-responsibility notification letters and the appeal submissions from the two bidders are set forth in Attachment 3.

The bid proposal from the third lowest bidder (Scarsella Bros., Inc.) meets all bidder responsibility criteria. Its bid of \$3,150,176.86 is below the engineer's estimate of \$3,206,717.87 (See Attachment 2 Bid Summary). Scarsella Bros, Inc., and its personnel, have performed several similar projects within the last ten years as required by the supplemental bidder criteria. The experience required in the supplemental bidder criteria is intended to ensure that the contract is awarded to an entity that has the necessary skills and experience, in its company and project team, to effectively perform the required work on this important public project.

Funding for the Project. Funding for this project is provided largely through a low-interest federal loan from the Washington Drinking Water State Revolving Fund (DWSRF). The loan requires that notice to proceed be issued no later than September 12, 2012. If notice to proceed is after that date, funding through this program could be in jeopardy.

Construction Schedule. Construction of the Transmission Main is expected to begin no later than September of 2012 and should be completed in the spring of 2013.

Neighborhood/Community Interests (if known):

This project is one of several that will provide for the transition of the City's main supply of drinking water from surface water (McAllister Springs) to groundwater (McAllister Wellfield). City staff will continue to communicate with citizens and other stakeholders about the construction project, schedule, and any impacts to traffic or City service.

Options:

1. Confirm City staff's determination of non-responsibility of bidders WM. Dickson Co. and Jennings Northwest LLC for failure to meet the criteria required in the bid documents, rejecting both bids and awarding the contract for the McAllister Transmission Main to the lowest responsive, responsible bidder, Scarsella Brothers, Inc., in the amount of \$3,150,176.86, and authorizing the City Manager to execute all documents necessary to proceed with such determination and award.
2. Reject all bids and request that staff rebid the project with more lenient supplemental bidder responsibility criteria. Re-advertising and re-bidding a project typically results in increased bids and project costs. It would also result in a delay, potentially jeopardizing the low-interest loan funding from the Drinking Water State Revolving Fund.

Financial Impact:

Total costs of this project approach five and a half million dollars and are detailed below. This project is funded through the drinking water utility, largely with a loan through DWSRF. At this time, the City has sufficient funds in the budget to complete this project.

Project Costs:

Lowest responsive, responsible bidder: \$3,150,177
Contingency to Award (10%): \$ 315,017
Engineering - Design, Construction, Inspection, Survey: \$ 844,806
Permits/Right of Way/Consultants/Other Fees and Miscellaneous: \$ 534,684
Historic Costs - 1992 to July 1, 2010,
(Engineering, Consultants, Permits, Geotech, Right of Way, Cultural Assessment): \$ 508,195

TOTAL PROJECT COSTS: \$ 5,400,000