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City Council

Rejection of All Bids for 2016 Small Diameter & AC and Aging Pipe Replacement

Agenda Date: 8/16/2016
Agenda Item Number: 4.C
File Number: 16-0842

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

Title

Rejection of All Bids for 2016 Small Diameter & AC and Aging Pipe Replacement

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to reject all bids and authorize the Mayor to sign a resolution rejecting all bids.

Report

Issue:

Whether to reject all bids and authorize the Mayor to sign a resolution rejecting all bids.

Staff Contact:

Brett Bures, Project Manager, Public Works Engineering, 360.753.8290

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

The small diameter & asbestos-cement (AC) and aging pipe replacement project is an annual program that replaces water pipes throughout the City. Pipes chosen for replacement are prone to leaks, have frequent repairs, and have caused water outages.

On July 26, 2016, the City received three bids for this project. All bids were at least 18 percent higher than the engineer's estimate. The low bid is \$841,336.26. This is \$130,493.64 higher than the Engineer's estimate. Olympia Municipal Code 3.16.110 states that construction projects over \$300,000 must have an additional 10% funds above the bid in order to proceed. Funding is not available to construct the project at the bid price.

Staff recommends authorizing the Mayor to sign a resolution rejecting all bids. Staff will bid the project early in 2017. The project will include next year's pipe replacement list.

Neighborhood/Community Interests:

None.

Options:

1. Reject all bids and authorize the Mayor to sign a resolution rejecting all bids. Staff will bid the project early in 2017. The project will include next year's pipe replacement list. With the delay in replacing these older pipes there is a risk of leaks and water outages. Annual pipe replacement reduces the risk.

Financial Impact:

There are insufficient funds in the Drinking Water Utility for this project. The low bid of \$841,336.26 is \$130,493.64 (over 18 percent) higher than the Engineer's estimate of \$710,842.62.

Attachments:

Proposed Resolution
Summary of Bids