



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Reject All Bids Received for the Pavement Rehabilitation 2016 Project (PW17-06)

REPORT IN BRIEF

Approval is requested to reject the all bids received in response to Invitation for Bids PW17-06 for the Pavement Rehabilitation 2106 project. The lowest bid is non-responsive due to a material math error, and all three bids are significantly higher than the available budget.

EXISTING POLICY

Pursuant to Sunnyvale Municipal Code (SMC) Section 2.09.140(b), Council approval is required to reject public works construction bids greater than \$100,000.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

BACKGROUND AND DISCUSSION

Capital Project 825290 (Pavement Rehabilitation) provides funding for ongoing roadway infrastructure rehabilitation. Over the past several years, the funding has been increased to accelerate street repairs to return the average Pavement Condition Index (PCI) of City streets to a level of 80+. The PCI measures the condition of city streets on a scale of 0-100, and is based on a physical survey of street surfaces assessing conditions like cracking, asphalt failures, tree root issues, crack sealing status, etc.

Every year, Department of Public Works (DPW) Pavement Operations staff surveys one half of the City's streets and inputs the data in the City's pavement management system. The system produces a list of deteriorated streets and plans are made to repair, slurry seal, double chip seal overlay, or reconstruct the streets as needed. For this pavement project, Pavement Rehabilitation 2016, approximately 2.3 million square feet (approximately 7 lineal miles of roadway) of City streets have been identified as needing reconstruction/rehabilitation.

An Invitation for Bids (IFB) was issued in August 2016, with three bids being received on September 7, 2016, as follows: \$2,478,536 from Interstate Grading and Paving, Inc., \$2,822,459 from Granite Construction Co. and \$2,849,845 from O'Grady Paving Inc. The apparent low bidder, Interstate Grading and Paving, submitted a bid with a material math error (the sum total of their bid line items was \$138,000 lower than their stated total as shown in Attachment 1), essentially rendering their bid non-responsive. The other two bids greatly exceeded the engineer's estimate of \$1,593,000 and the

budgeted construction amount of \$1,929,000.

The high bid prices for this project are a direct result of the busy workforce and the limited supply of paving contractors within the San Francisco bay area. Generally, bid prices tend to shift upward when contractors are busy. Moreover, shorter daylight hours in the fall and winter are also a potential factor for higher operating costs for contractors. The economic activity in the Bay Area and especially with private development has put increased pressure on resources, labor and pricing. The largest pricing increases are associated with concrete work, full depth base repairs, crack sealing, and traffic signal modifications.

The three bids received do not are too costly, therefore, staff recommends rejecting them. The IFB will be re-issued for construction starting in early Spring 2017, hoping for more stabilized unit prices and available contractors. Staff will also evaluate the plans and specifications to determine if any modifications may help reduce construction costs.

FISCAL IMPACT

No fiscal impact results from rejecting the bids. If bid pricing remains high when staff re-bids the project, a Budget Modification may be necessary if the total cost exceeds the available budget of \$1,929,000.

Funding Source

The funding sources for this project are the SB83 VRF Road Improvement Fund and the Gas Tax Fund.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

RECOMMENDATION

Reject all bids received in response to Invitation for Bids PW17-06.

Prepared by: Pete Gonda, Purchasing Officer

Reviewed by: Timothy J. Kirby, Director of Finance

Reviewed by: Manuel Pineda, Director of Public Works

Reviewed by: Walter C. Rossmann, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENT

1. Bid Summary