

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works	(2) MEETING DATE 8/21/2012	(3) CONTACT/PHONE Jeff Werst, Design Division Manager (805) 781-4480	
(4) SUBJECT Submittal of bid opening report for the Los Osos Wastewater Project, Collection System Pump Stations, Los Osos, CA, Contract No. 300448.08.01.PS. District 2.			
(5) RECOMMENDED ACTION In accordance with applicable State Law, it is our recommendation that your Honorable Board: <ol style="list-style-type: none"> 1. Find that any irregularities by Mountain Cascade, Inc. in its completion of the List of Subcontractors form (Section 00480) does not constitute a material error and is a waiveable irregularity; and 2. Find that any irregularities by Mountain Cascade, Inc. in its completion of the Compliance Statement (Section 00440) does not constitute a material error and is a waiveable irregularity; and 3. Waive all such irregularities and award the subject contract to Mountain Cascade, Inc., the lowest responsive, responsible bidder, at \$8,676,850; and 4. Authorize a construction contingency amount up to \$867,700 to be approved by change orders in accordance with the Project Construction Change Order Policy, approved by your Board on April 3, 2012, for a final total construction amount of \$9,544,550. 			
(6) FUNDING SOURCE(S) Fund Center 430	(7) CURRENT YEAR FINANCIAL IMPACT \$9,544,550.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT { } Consent { } Presentation { } Hearing (Time Est. _____) {X} Board Business (Time Est. 60 min.)			
(11) EXECUTED DOCUMENTS { } Resolutions { } Contracts { } Ordinances {x} N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) 19001183		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A { } 4/5th's Vote Required { } N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY { } N/A Date 5/15/12, Item 1	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) District 2 -			

Reference: 12AUG21-BB-1

County of San Luis Obispo



TO: Board of Supervisors

FROM: Public Works
Jeff Werst, Design Division Manager
John Waddell, Project Manager

VIA: Dave Flynn, Deputy Director of Public Works

DATE: 8/21/2012

SUBJECT: Submittal of bid opening report for the Los Osos Wastewater Project, Collection System Pump Stations, Los Osos, CA, Contract No. 300448.08.01.PS. District 2.

RECOMMENDATION

In accordance with applicable State Law, it is our recommendation that your Honorable Board:

1. Find that any irregularities by Mountain Cascade, Inc. in its completion of the List of Subcontractors form (Section 00480) does not constitute a material error and is a waiveable irregularity; and
2. Find that any irregularities by Mountain Cascade, Inc. in its completion of the Compliance Statement (Section 00440) does not constitute a material error and is a waiveable irregularity; and
3. Waive all such irregularities and award the subject contract to Mountain Cascade, Inc., the lowest responsive, responsible bidder, at \$8,676,850; and
4. Authorize a construction contingency amount up to \$867,700 to be approved by change orders in accordance with the Project Construction Change Order Policy, approved by your Board on April 3, 2012, for a final total construction amount of \$9,544,550.

DISCUSSION

In accordance with direction from your Board, bids for the subject contract were opened on June 28, 2012.

Five bids were received. They are as follows:

Engineer's Estimate	\$6,521,000.00
Mountain Cascade, Inc.	\$8,676,850.00
Nicholas Construction, Inc.	8,955,279.30
Maino Construction Company, Inc.	9,996,607.00
HPS Mechanical, Inc.	11,176,010.00
C.W. Roen Construction Company	12,039,431.00

We have reviewed the submittal from Mountain Cascade, Inc. and verified that they are the lowest responsive bidder, subject to your Board's approval of the recommendations to waive irregularities that do not constitute material errors.

Review of Low Bid

The Los Osos Wastewater Project Collection System design was completed by Camp Dresser and McKee (CDM) and the plans and specifications for the Pump Stations contract were released for bidding on May 15, 2012 based on your Board's approval. Bids on the contract were opened on June 28, 2012 and subsequently reviewed by the Public Works Department. Bids are evaluated by Public Works for compliance with contract requirements as described in Article 19 of Section 00200 of the bidding documents. The criteria for evaluation of the bids includes (a) checking the bid forms for errors, (b) determining whether or not the bids comply with the requirements for submitting bids, and (c) determining whether or not the bids are nonconforming, nonresponsive, unbalanced, or conditional. The bids have also been reviewed for project delivery purposes as described in the "Financial Considerations" section of this report and Exhibit "B".

In reviewing the bid received for compliance with contract requirements by the apparent low bidder, Mountain Cascade, Inc. ("MCI"), Public Works identified irregularities that are itemized below. Consistent with staff recommendations to waive the irregularities, no protests on the low bid submittal were filed by any of the other contractors who bid on the project.

1. Compliance Statement, Section 00440. MCI failed to fully complete the Compliance Statement (Section 00440). The form requires that, if questions 1 and 3 are answered affirmatively, the Contractor must also answer questions 2 and 4, respectively. MCI answered questions 1 and 3 affirmatively and failed to answer questions 2 and 4. Inclusion of this form was a requirement of the U.S. Department of Agriculture ("USDA"), one of the Project funding agencies. After consulting with USDA representatives, Department staff requested that MCI answer questions 2 and 4 of the Compliance Statement. (See attached July 17, 2012 letter to MCI) A copy of MCI's subsequent answers to questions 2 and 4 of the Compliance Statement (dated July 20, 2012) is attached to this Board letter.
2. List of Subcontractors (Section 00480). In Section 00480, the "Percent of Total Contract" listed by MCI for "Work to be Performed" by its subcontractors adds up to 52.75%. Paragraphs 6.01.D and 6.06.I of Section 00700 of the Contract Documents state that the Contractor must perform at least 50% of the dollar value of the work with the Contractor's own personnel, and that the Contractor must not award more than 50% of the Contract Price to Subcontractors. Department staff notified MCI of this irregularity and requested written confirmation from MCI

that it will not award more than 50% of the contract amount to their Subcontractors. (See attached July 17, 2012 letter to MCI) A copy of the written confirmation received from MCI (dated July 20, 2012) in response is attached to this Board letter.

In consideration of these facts and after review with County Counsel, it is our recommendation that your Board make the finding that the irregularities described above do not constitute material errors with the bid submitted by MCI and are waiveable irregularities. Subject to your Board's approval of the above findings and recommendations, the bid proposal from the lowest bidder, MCI, has been determined to be responsive, and it is therefore recommended that your Board award the contract to MCI.

OTHER AGENCY INVOLVEMENT/IMPACT

The U.S. Department of Agriculture (USDA) and State Water Board are jointly financing the Project and provide oversight of engineering and consulting agreements and construction contracts. Numerous other federal, state and local agencies are involved in the Project. County Counsel has reviewed this item and is in concurrence with our recommendations.

FINANCIAL CONSIDERATIONS

Today's recommendation is to award the Collection System Pump Stations contract, which is the last of three contracts for the Project collection system. The Engineer's Estimate, which does not include "contingencies," for the contract is \$6,521,000. The awarded cost of this contract is \$8,676,850, which is approximately 33% above the Engineer's Estimate. A contingency of \$867,700 is also recommended for a total construction amount of \$9,544,550 (Exhibit "A", Line #29).

Bids Versus Budget

The recommendation to award the contract and contingencies, while over the Engineer's Estimate, is within the Project's budget, since the Engineer's Estimate is established separately from the Project budget. The budget was developed based on the bids received for the Los Osos CSD's 2005 project and planning level estimates for changes since 2005, which were adjusted for inflation to present value dollars. These budget estimates are also the basis of the Proposition 218 votes that were approved by the property owners and used as the basis for the State and Federal financing packages. In contrast, the Engineer's Estimate was developed by the design engineer, at bid time, as their opinion of probable construction costs to establish a baseline for the contractor bids. While important for bidding purposes, the Engineer's Estimate does not affect the Project budget and the final bid prices, are within the budget, and approved funding for the Project.

Bid Results Evaluation

A discussion of the bid results and the variance from the Engineer's Estimate is included in the "Bid Results Evaluation," provided as Exhibit "B". The purpose of this attachment is to provide more background on the details of staffs' review. In the normal course of administering contract documents, numerous questions and issues are addressed by staff but not always discussed in detail in agenda items submitted to your Board. Often statutory or regulatory requirements direct technical efforts. In other instances, however, the technical efforts involve professional judgment, which in turn may be of interest to your Board's discretion and decision-making. Consequently, the attached "Bid

Results Evaluation” is also intended to provide your Board with additional insight into staffs’ review, additional background on the recommended actions, and a basis for discussion with your Board during presentation of this item.

Collection System in Summary

The other collection system contracts, which also include the recycled water distribution system, are for the pipelines in Areas A&D and Areas B&C. The two pipeline contracts have already been awarded by your Board, on June 19, 2012 and July 10, 2012, respectively. With the completion of the bidding process for the collection system, the total estimated cost for the collection system and recycled water distribution system portion of the Project is summarized in the following two tables. The first table compares the budget estimate for the collection system construction, approved on May 17, 2011, to the Engineer’s Estimates and final bid results. The second table illustrates the remaining contingency and unallocated amounts that are available for the collection system construction and the overall Project.

Collection System Construction Cost Estimates			
Contract	Budget Estimate	Engineer’s Estimate	Bid Results
Collection System Areas A&D	see total below	\$26,438,665	\$26,223,855
Collection System Areas B&C	see total below	\$22,425,000	\$29,425,000
Collection System Areas Pump Stations	see total below	\$6,521,000	\$8,676,850
Total Contracts to Date	\$94,742,000	\$55,384,665	\$64,325,705

Project Contingency and Unallocated Amounts			
Contract	Bid Award	Awarded Contingencies	Contract Totals
Collection System Contract Areas A & D	\$26,223,855	\$2,622,385	\$28,846,240 ¹
Collection System Contract Areas B & C	\$29,425,000	\$2,942,500	\$32,367,500 ²
Recommend Pump Stations Contract	\$8,676,850	\$867,700	\$9,544,550 ³
Total	\$64,325,705	\$6,432,585	\$70,758,290
Remaining Unallocated Collection System Budget		\$17,469,985 ⁴	
Total Collection System Contingencies		\$23,902,570	

Additional Overall Project Contingencies		\$9,359,478 ⁵	
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The table below shows the reduced estimates for total project costs and monthly costs per single family residence, based on the final bid prices for the collection system contracts.

¹ See Exhibit “A”, Line 27

² See Exhibit “A”, Line 28

³ See Exhibit “A”, Line 29

⁴ See Exhibit “A”, Line 32

⁵ See Exhibit “A”, Line 51

Project Cost Estimates		
	Total Project Costs	Monthly Costs (Single Family Residence)
2007 – prior to Prop 218 Assessment Approval	\$171.5 M	\$200
2010 – prior to Prop 218 Service Charges Approval	\$173.4 M	\$194
2012 – post collection system bidding (current)	\$155.9 M (less \$18 M in grants results in \$137.9 M)	\$140 (reflects financing terms, grants, and bid prices)

RESULTS

Approval of the recommended action will result in this Project being constructed, which continues the progress toward a community wastewater project for Los Osos. Completion of the Los Osos Wastewater Project will contribute to the County's goal of providing a safe and healthy community.

File: Contract No. 300448.08.01.PS

c: Accounting Officer
Jim Brantley, HDR Engineering, Construction Manager
Mountain Cascade, Inc., Contractor

Reference: 12AUG21-BB-1

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ATTACHMENTS

1. Vicinity Map
2. Exhibit A - Project Cost Estimates
3. Exhibit B - Bid Results Evaluation
4. Attachment A to Exhibit B
5. Notice of Irregularities Letter to Mountain Cascade, Inc. (dated 7/17/12)
6. Response Letter from Mountain Cascade, Inc. (dated 7/20/12)