



## Legislation Text

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**SUBJECT:** Reject All Bids Received for Project No. 123035 WWTP Phase VI ASD Supplemental Heating System and Headworks Improvements

### REPORT IN BRIEF

Considers rejecting all bids received to construct a new boiler building, gas treatment system, hot water boilers, pumps, compressors, piping and electrical for the Active Solar Dryers (ASDs) Supplemental Heating System and improvements to the Headworks System due to insufficient project funding.

### RECOMMENDATION

**City Council** - Adopt a motion rejecting all bids received for Project No. 123035 WWTP Phase VI ASD Supplemental Heating System and Headworks Improvements due to insufficient funding and direct staff to reduce the project scope and re-bid the project.

### ALTERNATIVES

1. Approve, as recommended by staff; or,
2. Approve, subject to conditions as specified by the City Council; or,
3. Deny the request; or,
4. Refer back to staff for reconsideration of specific items as requested by the Council.

### AUTHORITY

Charter of the City of Merced, Article II, Section 200 - Powers, City of Merced and Article XI, Section 1109 - Contracts on Public Works.

Merced Municipal Code, Chapter 3.04, Article IV - Public Works Contracts.

*The city council, in its discretion, when it is in the best interests of the city to do so, may waive any informalities or minor irregularities in any bid process, may reject any or all bids, or may accept the bid that best serves the public purpose even though it may not be the lowest. The city council may readvertise for bids or, except as otherwise provided in this chapter, proceed with the purchase of the materials, supplies, equipment or contractual services by negotiation in the open market.*

### CITY COUNCIL PRIORITIES

As provided for in the FY 2022/2023 Adopted Budget.

### DISCUSSION

On June 15, 2020, Council entered into an agreement with Stantec Consulting Services, Inc. to provide plans and specifications for the upgrade of the Wastewater Treatment Plant (WWTP) Phase

VI. The project scope included new boiler building, gas treatment system, hot water boilers, pumps, compressors, piping and electrical for the Active Solar Dryers (ASDs) Supplemental Heating System; influent flow meter manhole; and new mechanical screens, washer/compactors, grit removal baffles, new equipment hatches, flap gates, piping, electrical, and concrete repair for the Headworks Improvements. Work inside the ASDs, included electrical equipment, dryers, boilers, and electrical motor control center (MCC) for the dryer equipment located inside the Boiler Building, mechanical screens, and washer/compactors at the Headworks.

The project was advertised on January 5, 2023, and bids received on February 16, 2023, the lowest total base bid was \$15,287,000 with a bid deduct of \$2,489,000 for the headworks equaling a total bid with deduct of \$12,798,000.

Per the project specifications the basis of award is to be determined as follows:

*The City shall award the Contract to the lowest responsible Bidder submitting a responsive Bid. The lowest Bid will be determined on the basis of the Total Bid Price.*

*In the comparison of Bids, deductive bid items will be applied in the same alphabetical order of priority as listed in the Bid Form. To determine the Bid prices for purposes of comparison, Owner shall announce to all bidders a Project budget after receiving all Bids, but prior to opening them. For comparison purposes, if the Total Base Bid Amount exceeds the announced Project budget, deductive bid items will be accepted, following the order of priority established in the Bid Form, until doing so would allow the project to remain under budget. After determination of the Successful Bidder based on this comparative process and on the responsiveness, responsibility, and other factors, set forth in these Instructions, the award may be made to said Successful Bidder on its base Bid and any combination of its deductive item Bids for which Owner determines funds will be available at the time of award.*

The Project budget of \$11.6 million was announced prior to opening the bids per the specifications.

Due to the cost increases in materials and inflation, staff has determined the upgrades to the Headworks is the priority and recommends rebidding the project with the reduced scope. The new boiler building, gas treatment system, and active solar dryer system will be addressed in the future with a different project.

## **IMPACT ON CITY RESOURCES**

This project was established as Capital Improvement Project and does not contain sufficient funding to complete the project with the received low bid.

## **ATTACHMENTS**

1. Bid Results