



Agenda Date: 4/17/2019

Agenda Placement: 7D

Napa Sanitation District Board Agenda Letter

TO: Honorable Board of Directors

FROM: Timothy Healy - General Manager
NS-Technical Services/Engineer

REPORT BY: Matthew Lemmon, Senior Civil Engineer - 707-258-6004

SUBJECT: Rescind Prior Award of Construction Contract to Hess Construction and Award Construction Contract to Asta Construction for the Pond Transfer Structures - Pond 2 to Pond 3 Project (CIP 19717)

RECOMMENDATION

Rescind prior award of construction contract to Hess Construction and award construction contract to Asta Construction for the Pond Transfer Structures - Pond 2 to Pond 3 Project (CIP 19717) for the bid amount of \$262,013 and authorize the General Manager to execute the agreement with the contractor and issue the Notice to Proceed, when appropriate.

EXECUTIVE SUMMARY

On April 3, 2019, NapaSan awarded the construction contract to Hess Construction for the bid the amount of \$245,755. On April 10, 2019, NapaSan was notified that Hess Construction will not sign the construction contract because they will be going out of business prior to completing the project. Hess originally planned to complete the project prior to going out of business but certain construction materials have lead times that are longer than they anticipated.

Asta Construction was the second lowest qualified bidder in the amount of \$262,013. Staff spoke with Asta Construction on April 10, 2019 and they indicated that they are still interested in completing the project. Asta Construction successfully completed phase 1 of the pond transfer structures project in 2011 so staff has confidence in their ability to perform.

Public Contract Code section 20174 allows the project to be awarded to the next lowest responsible bidder if the low bidder fails to execute the contract. The amount of the low bidder's security can be applied to the difference between the low bid and the second lowest bid. The difference between the low bid and the second lowest bid is \$16,258 and the amount of the low bidder's security is \$24,575. Unless otherwise directed by the Board, staff does

not recommend pursuing the bidder's security because the cost and effort to collect the \$16,258 security will likely exceed its value.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	The project is budgeted in the 10-year Capital Improvement Program. The budget for the Pond Transfer Structures - Pond 2 to 3 Project (CIP 19717) is \$301,300. Savings from other projects in the CIP will be used to cover total project costs of \$320,028.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	The project will replace the water transfer structures which will enable NapaSan staff to control water flow easily and safely.
Is the general fund affected?	No
Future fiscal impact:	None.
Consequences if not approved:	NapaSan staff will continue to use the existing structures between Pond 2 and Pond 3.
Additional Information:	None.

ENVIRONMENTAL IMPACT

The Board determined the project is Categorical Exempt under Section 15302 (c) of the California Environmental Quality Act (CEQA) Guidelines in Minute Resolution 19-004. A Notice of Exemption was filed with Napa County Recorder on January 17, 2019.

BACKGROUND AND DISCUSSION

On March 5, 2019, NapaSan received 7 bids for the Pond Transfer Structures - Pond 2 to Pond 3 Project. The engineer's estimate of probable construction cost for the project was \$240,000. Hess Construction Co., Inc. was the lowest qualified bidder in the amount of \$245,755 and Asta Construction was the second lowest qualified bidder in the amount of \$262,013.

The contractor has 60 calendar days to substantially complete the project from Notice to Proceed. Notice to Proceed is expected to be issued in late April 2019. Construction is expected to be complete in late June 2019.

The project will remove and replace the pond transfer structures that control water flow from oxidation Pond 2 to Pond 3 at NapaSan's Soscol Water Recycling Facility. The existing transfer structures are no longer mechanically operable and are recommended for replacement in the Wastewater Treatment Plant Master Plan.

NapaSan has ordered and purchased some materials (pipe, canal gates, and weir gate) prior to award of the construction contract. The pre-purchase of these materials was required to begin construction of this project

in May 2019 due to long-lead time on the orders. The engineer's estimate does not include NapaSan's cost to purchase these materials. The cost of the pipe, four canal gates, and weir gate is \$58,015.44.

The first phase of this project was the replacement of the Pond Transfer Structures between Pond 1 and Pond 2 (CIP 4007) in 2011. The engineer's cost estimate for the work for the 2019 project was based on an escalation of the previous construction costs from 2011 by 5% per year to 2019, escalating a cost of \$204,594 to \$301,000. Accounting for both pre-purchased items and the construction bid, the 2019 project costs exceed this estimate slightly with a total cost of \$320,028. The higher cost is reasonable given the current bidding climate.

NapaSan staff will conduct engineering services during construction, construction management, and inspection of the project.

SUPPORTING DOCUMENTS

A . Bid Results

B . Letter from Hess Construction

Napa Sanitation District: Approve

Reviewed By: Timothy Healy