



City of Culver City

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Staff Report

File #: 16-037, **Version:** 1

Item #: C-10.

CC - 1) Withdrawal of the October 26, 2015 Award of the Construction Contract for the Hetzler Road Pedestrian Trail Project (PP001) to ARC Construction, Inc. (ARC); 2) Authorization of the Release of the ARC's Bid Bond; and 3) Authorization to Republish a Notice Inviting New Bids for the Project.

Meeting Date: July 11, 2016

Contact Person/Dept: Carina Saez/Public Works Department
Phone Number: (310) 253-5601

Fiscal Impact: Yes ☒ No ☐

General Fund: Yes ☐ No ☒

Public Hearing: ☐ **Action Item:** ☐ **Attachments:** ☒

Commission Action Required: Yes ☐ No ☒ **Date:**

Public Notification: (E-Mail) Meetings and Agendas - City Council (07/05/16); (Mail) Residents on Hetzler Road (07/05/16); (E-Mail) Baldwin Hills Conservancy (07/06/16); (E-Mail) California State Parks (06/29/16); (E-Mail) Capital Improvement Projects Listserv (07/07/16); (E-Mail) Parks, Recreation & Community Service Department Updates Listserv (07/07/16)

Department Approval: Charles D. Herbertson, Public Works Director/City Engineer (06/30/16)

RECOMMENDATIONS

Staff recommends the City Council (1) withdraw the October 26, 2015 award of the construction contract to ARC Construction, Inc. (ARC) for the Hetzler Road Pedestrian Trail Project (PP-001); (2) authorize the release of ARC's bid bond; and (3) authorize staff to republish a notice inviting new bids for the Project.

BACKGROUND

The Project provides a separate pedestrian walking and jogging trail approximately 10 feet wide and 1500 feet long. The trail starts near Jefferson Boulevard and terminates at a point beyond the last residential access from Hetzler Road. Construction of the concrete trail will include retaining walls to support the adjacent hillside, signage and associated drainage improvements. The purpose of the Project is to prevent pedestrians and joggers from using the Hetzler Road roadway intended for vehicular traffic.

The Project is located entirely within the Baldwin Hills area under the jurisdiction of State of California Department of Parks and Recreation (State Parks). Due to lack of staff, both State Parks and the Baldwin Hills Conservancy (BHC) requested Culver City to advertise the project for bidding utilizing plans furnished by State Parks and to administer the construction contract. The Project plans and specifications were prepared by ALTA Landscape Architects and David Evans, civil engineers retained by the Mountains Recreation and Conservation Authority (MRCA) on behalf of State Parks.

On November 10, 2014 the City Council approved plans and specifications and authorized staff to publish a notice inviting bids for construction of the Project. Eight bids were received on January 8, 2015, and the apparent low bidder was ARC with a bid of \$1,164,033. At that time, the available funding was a BHC grant in the amount of \$791,000, which was not sufficient to award the contract and provide for construction management and Project contingency costs.

City staff met with BHC, State Parks, MRCA, and the Project architect/engineer (under contract to MRCA) to address the funding shortfall. The consensus reached was to explore additional funding opportunities and to reduce the Project scope to achieve cost savings. It was also agreed that City staff would discuss these issues with ARC and ascertain whether ARC would honor its submitted bid if a contract was awarded at a later date. Subsequently, ARC agreed to wait for the contract to be awarded at a later date and also agreed to give a credit to the City of \$293,745 based on deletion of certain bid items. State Parks agreed to install these deleted items at its cost without impacting the Project budget. Also, the City was able to obtain additional funding for the Project in the form of a grant for \$100,000 from the Baldwin Hills Regional Conservation Authority and the City agreed to contribute \$110,000 from the general fund as part of the FY 2015/16 CIP budget.

With the reduced scope of work and additional funding mentioned above, there were now sufficient funds to award the Project. Therefore, on October 26, 2015, the City Council awarded a construction contract to ARC in the amount of \$1,164,033 and also approved a change order for a credit to the City of \$293,745, resulting in a net contract amount of \$870,288. Also at that time, staff had reached an understanding with ARC that construction would start in the spring of 2016, after the end of the El-Nino winter storm season, to prevent potential construction difficulties resulting from excavating a steep hill side during rains.

On January 27, 2016 contract documents were sent to ARC for execution. As of the week of March 21, 2016 City staff and ARC were working in good faith toward having the construction contract fully executed, with a plan to start construction on May 2, 2016. Unfortunately, ARC never executed the contract and, instead, requested to withdraw its bid and requested the City release its bid bond.

DISCUSSION

On March 29, 2016, without any prior notice, staff received a letter from ARC's representative notifying the City that ARC wants to withdraw its bid and requesting the City to release the 10% bid bond submitted on January 8, 2015 with ARC's bid. This bid bond is required from all bidders for public works projects and is intended to ensure that bidders will enter in to a contract with the City if a contract is awarded.

Under the circumstances, staff recommends, and the City Attorney's Office concurs, that the City

Council (1) allow ARC to withdraw its bid, (2) withdraw award of the construction contract to ARC, and (3) authorize the release of ARC's bid bond. The length of time between project award and proposed start of construction, as well as the changes from the original project scope were factors in this determination. Should the Council take these actions, this will also allow the City to republish a notice inviting new bids for the Project.

FISCAL ANALYSIS

The following funds are currently available for this project:

Baldwin Hills Conservancy grant	\$791,000
Culver City Capital Improvement & Acquisition (420) funds for project PP001 in the FY 2015-2016 budget	\$110,000
State Parks Federal Land & Water Conservation Fund	\$172,043
Baldwin Hills Regional Conservation Authority	\$100,000
California State Parks Foundation	\$30,000
State Parks	<u>\$200,000</u>

Total funds available for the project: \$1,403,043

RECOMMENDED PROJECT BUDGET

Construction	\$ 1,078,000	Construction cost per revised engineer's estimate
Construction Contingencies	\$ 108,000	10% of construction cost.
Construction Management	\$ 104,510	Interwest Consulting Group
Construction Management contingencies	\$ 10,000	10% of construction management services for overtime/emergency work
City staff support	\$ 30,000	
Total Estimated Project Cost	\$ 1,330,510	
Total available funds	\$1,403,043	From section V of this report

After opening of bids staff will establish actual project costs and report back to the City Council with a recommendation for award of the construction contract.

ATTACHMENTS

1. Letter dated March 28, 2016 from Plumtree Associates notifying the City that ARC requests withdrawal of its bid and requesting release of ARC's bid bond.
2. BHC Grant Agreement excerpt indicating the approved grant of \$791,000.

3. U.S. Department of the Interior Project Agreement with State Parks for the Land and Water Conservation Fund grant of \$172,043.
4. Funding Agreement between the Baldwin Hills Regional Conservation Authority and Culver City for funds of \$100,000.
5. Letter of \$30,000 commitment from California State Parks Foundation.
6. Letter dated June 27, 2016 from Deputy Director of Operations for State Parks assuring \$200,000 funding for the project.

MOTIONS

That the City Council:

1. Withdraw the October 26, 2015 award of the construction contract to ARC Construction Inc., for the Hetzler Road Pedestrian Trail Project (PP-001) and authorize staff to release ARC's bid bond.
2. Authorize staff to republish a notice inviting new bids for the Project.