

# Orange County Sanitation District



Headquarters  
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## Agenda Report

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**FROM:** James D. Herberg, General Manager  
Originator: Kathy Millea, Director of Engineering

**SUBJECT:**

**HEADQUARTERS COMPLEX SITE PREPARATION, PROJECT NO. P1-128C**

### **GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Consider the Fountain Valley Crossings Specific Plan Program Environmental Impact Report (State Clearinghouse No. 2015101042) that evaluated the total buildout of the Specific Plan area with a goal of revitalizing the existing light industrial use;
- B. Consider, receive, and file the Initial Study/Addendum for the Administrative Headquarters Building, Project for P1-128, dated December 2019 to the City of Fountain Valley's Program Environmental Impact Report for the Fountain Valley Crossings Specific Plan to demolish five warehouse buildings, construct and operate an administrative headquarters building, pedestrian bridge, signage, landscaping, lighting, and surface parking lot in the City of Fountain Valley;
- C. Receive and file Bid Tabulation and Recommendation for Headquarters Complex Site Preparation, Project No. P1-128C;
- D. Accept the formal bid withdrawal request received on March 13, 2020 from the initial lowest bidder, Interior Demolition, Inc.;
- E. Reject the bid from the second apparent low bidder AMPCO North, Inc. as non-responsive;
- F. Award a Demolition Contract to Resource Environmental, Inc. for Headquarters Complex Site Preparation, Project No. P1-128C, for a total amount not to exceed \$1,555,000; and
- G. Approve a contingency of \$155,500 (10%).

### **BACKGROUND**

The Orange County Sanitation District (Sanitation District) is replacing the existing Administration Building and other buildings at Plant No. 1 with a new Headquarters complex north of Ellis Avenue across from Plant No. 1.

## RELEVANT STANDARDS

- Comply with California Public Contract Code Section 20103.8, award a construction contract to lowest responsive, responsible bidder.

## PROBLEM

Existing buildings on the site north of Ellis Avenue need to be demolished for construction of the Headquarters Complex. The main construction project will take longer to complete if these buildings are not demolished in advance.

## PROPOSED SOLUTION

Award a separate demolition contract in advance of the main construction contract for the Headquarters Complex. This contract will demolish four of the five buildings on the site. The fifth building is currently occupied by a tenant and does not need to be demolished until near the end of the main construction project.

## TIMING CONCERNS

Delaying the demolition of these buildings might delay construction of the Headquarters Complex.

## RAMIFICATIONS OF NOT TAKING ACTION

If the demolition is not completed in advance under a separate contract, the overall completion of the Headquarters Complex will be delayed by requiring the future Headquarters Complex construction contractor to perform the demolition.

## PRIOR COMMITTEE/BOARD ACTIONS

N/A

## ADDITIONAL INFORMATION

The Sanitation District advertised Project No. P1-128C for bids on January 30, 2020 and six sealed bids were received on March 10, 2020. A summary of the bid opening follows:

Engineer's Estimate	\$ 2,475,000
<u>Bidder</u>	<u>Amount of Bid</u>
Interior Demolition, Inc.	\$ 800,000
AMPCO North, Inc.	\$ 1,094,000
Resource Environmental, Inc.	\$ 1,555,000
GGG Demolition, Inc.	\$ 1,725,000
American Wrecking, Inc.	\$ 1,727,000
Nationwide Contracting Services, Inc., dba	\$ 3,119,306
Nationwide General Construction Services	

Consistent with the requirements of Public Contract Code Section 5100 et seq., the apparent low Bidder, Interior Demolition, Inc. (Interior Demolition), informed Sanitation District staff that it had discovered a mathematical clerical error in its bid, that the error affected its final bid price, that it could not absorb the cost of the error, and that it wished to withdraw its bid. Staff recommends accepting Interior Demolition's bid withdrawal request.

Sanitation District staff evaluated the second low Bidder, AMPCO North, Inc. (AMPCO), and determined that its accident frequency factor was above the Sanitation District's required limit of 1.25 or below. Sanitation District staff informed AMPCO of its findings through the clarification process and set the deadline for its response. AMPCO did not respond by the deadline. Therefore, staff recommends rejecting AMPCO's bid as non-responsive.

Staff evaluated the third low bidder, Resource Environmental, Inc., and determined the bid to be responsive and responsible. Staff reviewed the Engineer's Estimate to determine the discrepancy with the low bid. It was determined that the Engineer's Estimate included conservative assumptions regarding the removal of waste materials. As the contract requires a 75% recycling of waste generated, this cost can vary greatly depending on the current market and the capability of the Contractor to resell their waste materials. Considering that there are several bids within the same range of the lowest responsive, responsible bidder, staff believes that the bid is valid.

The bids were evaluated in accordance with the Sanitation District's policies and procedures. A notice was sent to all bidders on May 5, 2020 informing them of the intent of Sanitation District staff to recommend award of the Demolition Contract to Resource Environmental, Inc.

Staff recommends awarding a Demolition Contract to the lowest responsive, responsible bidder, Resource Environmental, Inc., for a total amount not to exceed \$1,555,000.

## **CEQA**

On January 23, 2018, the City of Fountain Valley certified the Program Environmental Impact Report for the Fountain Valley Crossings Specific Plan (State Clearinghouse No. 2015101042) that evaluated the total buildout of the Specific Plan area with a goal of revitalizing the existing light industrial use.

Following that, the Sanitation District prepared an Initial Study/Addendum for the Administrative Headquarters Building, Project No. P1-128, dated December 2019, to the City's Program Environmental Impact Report. The addendum concluded that no further environmental review was required. (Public Resources Code Section 21166; CEQA Guidelines Sections 15162 and 15164.)

A Notice of Determination will be filed with the Orange County Clerk-Recorder after the Sanitation District Board approval of the construction contract for the Headquarters Complex Site Preparation, Project No. P1-128C.

## **FINANCIAL CONSIDERATIONS**

This request complies with authority levels of the Sanitation District's Purchasing Ordinance. This item has been budgeted (FY 2019-20 Budget Update, Appendix A, Page A-8, Headquarters

Complex, Project No. P1-128) and the budget is sufficient for this action.

**ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:*

- Initial Study/Addendum to the Program Environmental Impact Report for the Fountain Valley Crossings Specific Plan, dated December 2019
- City of Fountain Valley's Program Environmental Impact Report for the Fountain Valley Crossings Specific Plan. Document may be found at the following link: [≤  
https://www.fountainvalley.org/1278/Fountain-Valley-Crossings](https://www.fountainvalley.org/1278/Fountain-Valley-Crossings)  
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- P1-128C Construction Contract

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