



Agenda Report

File #: 2020-1139, **Version:** 1

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

SUBJECT:

ORANGE-WESTERN SUB-TRUNK REHABILITATION, CONTRACT NO. 3-64A

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Receive and file Bid Tabulation and Recommendation for Orange-Western Sub-Trunk Rehabilitation, Contract No. 3-64A; and
- B. Reject all bids and direct staff to combine the work for Orange-Western Sub-Trunk Rehabilitation, Contract No. 3-64A, into a single bid package with Los Alamitos Trunk Sewer Rehabilitation, Contract No. 3-64B.

BACKGROUND

Rehabilitation of Western Regional Sewers, Project No. 3-64, is a program to replace or rehabilitate regional sewers in the Orange County Sanitation District's (Sanitation District) northwestern service area including the cities of Los Alamitos, Cypress, La Palma, Buena Park, Anaheim, Seal Beach, and Rossmoor, an unincorporated area. These sewers range in age from 40 to 60 years and require mid-life refurbishment to attain their full-service life. To manage public impacts and resource demands, the work has been divided into three construction contracts to be completed on separate schedules.

Orange-Western Sub-Trunk Rehabilitation, Contract No. 3-64A, would rehabilitate 2.5 miles of 21-inch pipe along Orange Avenue between Valley View Street and Western Avenue and along Western Avenue between Orange Avenue and Santa Elena Drive in the cities of Anaheim, Cypress, and Buena Park.

Los Alamitos Trunk Sewer Rehabilitation, Contract No. 3-64B, will rehabilitate 6 miles of 24-inch through 39-inch pipe sewer in the cities of Seal Beach, Los Alamitos, and Cypress. This contract is scheduled to be advertised for construction in January 2021, with construction starting in May 2021.

Cypress Trunk Sewer Rehabilitation, Contract No. 3-64C, will rehabilitate or upsize 36,000 feet of sewers in the cities of Cypress, Los Alamitos, and La Palma. Detailed design of this contract is scheduled to start in January 2021, with construction starting in September 2022.

RELEVANT STANDARDS

- Achieve less than 2.1 sewer spills per 100 miles
- Comply with California Public Contract Code Section 20103.8: Award contract to lowest responsive, responsible bidder.
- Ensure the public's money is wisely spent

PROBLEM

On August 18, 2020, only two bids were received for Orange-Western Sub-Trunk Rehabilitation, Contract No. 3-64A. The low bid, from Teichert Energy & Utilities Group, Inc., was found to be non-responsive because it did not meet safety submittal requirements as stated in the Invitation for Bid (IFB). The other bid, from Kiewit Infrastructure West Co., was found to be responsive and responsible, but the bid was \$4.1 million, or 61 percent, higher than the Engineer's Estimate.

The contract could be rebid with some changes made to make it more attractive to bidders. However, the bid period would overlap with Los Alamitos Trunk Sewer Rehabilitation, Contract No. 3-64B. That contract involves very similar work, and the two contracts would be competing for the same bidders.

PROPOSED SOLUTION

Reject all bids for Orange-Western Sub-Trunk Rehabilitation, Contract No. 3-64A, and include the work into the same construction contract for Los Alamitos Trunk Sewer Rehabilitation, Contract No. 3-64B. The larger construction contract should be more attractive to general contractors, and construction management and inspection efforts may be reduced due to economies of scale. The two packages are approximately five miles apart, so there should be no overlapping public impacts.

TIMING CONCERNS

The Contract No. 3-64A work was originally separated out because it was expected to be started well before the Contract No. 3-64B work. Contract No. 3-64B is scheduled to be advertised for construction in January 2021, with construction starting in May 2021.

RAMIFICATIONS OF NOT TAKING ACTION

Board action is required by the California Public Contract Code to either award the contract as advertised, or to reject all bids.

PRIOR COMMITTEE/BOARD ACTIONS

N/A

ADDITIONAL INFORMATION

The Sanitation District advertised Orange-Western Sub-Trunk Rehabilitation, Contract No. 3-64A, for bids on June 30, 2020. Two sealed bids were received on August 18, 2020.

Engineer's Estimate \$6,775,000

<u>Bidder</u>	<u>Amount of Bid</u>
Teichert Energy & Utilities Group, Inc.	\$6,520,000
Kiewit Infrastructure West Co.	\$10,912,500

The bids were evaluated in accordance with the Sanitation District's policies and procedures and staff consulted with Sanitation District's General Counsel prior to finalizing the evaluation process. Teichert Energy & Utilities Group, Inc. (Teichert), the apparent low bidder, was deemed nonresponsive for the following reasons:

- Teichert failed to meet the deadline for submission of safety information as required by the IFB.
- Teichert did not notify the Sanitation District of any extension needed prior to the missed deadline.
- In later communication with the Sanitation District's procurement staff, Teichert informed the Sanitation District that it did not intend to proceed with its Bid due to issues related to some of its subcontractors. Later, Teichert reconsidered its position and submitted its safety information ten days after the deadline. At that point, considering the IFB requirements, the Sanitation District's evaluation policies and procedures, and General Counsel's input, staff determined that the irregularity was material and could not be waived, which led to a nonresponsive determination.

One likely reason for the lack of interest from potential bidders is the difficult nature of the work with traffic control in busy arterial streets and confined-space entries. In addition, chemical injection grouting and cured-in-place lining are a significant part of the work, and that work is typically conducted by a small number of specialty contractors.

CEQA

The project is included in the "Rehabilitation of Western Regional Sewers Project No. 3-64" Environmental Impact Report (EIR) State Clearinghouse Number 2015111077. This EIR was certified by the Board of Directors and a Notice of Determination was filed on March 22, 2017.

FINANCIAL CONSIDERATIONS

This request complies with authority levels of the Sanitation District's Purchasing Ordinance. This item has been budgeted (Approved Budget Fiscal Years 2020-2021 and 2021-2022, Section 8, Page 23) 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:

- Presentation