



# City of Chula Vista

## Staff Report

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**File#:** 15-0121, **Item#:** 22.

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CONSIDERATION OF WAIVING A MINOR MATHEMATICAL ERROR IN THE BID RECEIVED FOR THE "THIRD AVENUE STREETScape IMPROVEMENT PROJECT, PHASE II

RESOLUTION NO. 2015-079 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA WAIVING A MINOR MATHEMATICAL ERROR; APPROPRIATING \$150,000 FROM THE AVAILABLE BALANCE OF THE GAS TAX FUND TO CAPITAL IMPROVEMENT PROJECT STL400; ACCEPTING BIDS; AWARDED A CONTRACT FOR THE "THIRD AVENUE STREETScape IMPROVEMENT PROJECT, PHASE II, FROM NORTH OF MADRONA STREET TO "F" STREET (CIP#STL400)" TO PALM ENGINEERING CONSTRUCTION CO., INC. IN THE AMOUNT OF \$2,295,775.55; AUTHORIZING THE DIRECTOR OF PUBLIC WORKS TO EXECUTE ALL CHANGE ORDERS; AND AUTHORIZING THE EXPENDITURE OF ALL AVAILABLE CONTINGENCY FUNDS IN THE AMOUNT NOT TO EXCEED \$230,000 (4/5 VOTE REQUIRED)

### RECOMMENDED ACTION

Council conduct the public hearing and adopt the resolution.

### SUMMARY

On January 28, 2015, the Director of Public Works received two (2) sealed bids for the "Third Avenue Streetscape Improvement Project, Phase II, from north of Madrona Street to "F" Street in the City of Chula Vista, California (CIP#STL400)" project. The project will install pavement, colored sidewalk, raised medians, crosswalk pavers, ADA pedestrian ramps, ornamental lighting, landscaping, transit stop improvements, storm drain improvements, and other miscellaneous items of work. A minor mathematical error in the low bid requires a public hearing to waive the error and accept the bid. Additionally, an appropriation is required from the Gas Tax to adequately fund the project.

### ENVIRONMENTAL REVIEW

The Development Services Director has reviewed the proposed project for compliance with the California Environmental Quality Act (CEQA) and has determined that the project was covered in previously adopted Final Environmental Impact Report for the Chula Vista Urban Core Specific Plan (UCSP), Final Environmental Impact Report-06-01 ("FEIR-06-01"). Pursuant to the California Environmental Quality Act (CEQA) on April 26, 2007 the City, acting as Lead Agency certified FEIR-06-01 for the UCSP. On January 25, 2011 the City, acting as Lead Agency, having found and determined that certain amendments to the UCSP, including the referenced Third Avenue Streetscape Improvements, would not result in significant unmitigated impacts and that only minor technical changes or additions to FEIR-06-01 were necessary and that none of the conditions described in Section 15162 of the State CEQA Guidelines calling for the preparation of a subsequent environmental document had occurred, adopted an Addendum to FEIR-06-01. Therefore, no further CEQA actions or determinations are necessary.

### BOARD/COMMISSION RECOMMENDATION

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Not Applicable

## **DISCUSSION**

The purpose of the project is to improve pedestrian safety and circulation, encourage outdoor dining, and use of public transit; and to enhance community gateway features. Engineering staff prepared the contract documents and advertised the project on January 2, 2015.

On January 28, 2015, the Director of Public Works received two (2) bids as follows:

<b>Contractor</b>	<b>Base Bid *</b>	<b>Additive Alternate A</b>
Palm Engineering Construction Co., Inc. San Diego, California	\$2,295,775.55 (corrected)	\$2,000.00
	\$2,293,075.55 (submitted)	
3-D Enterprises, Inc. San Diego, California	\$2,549,726.00 (corrected)	\$2,000.00
	\$2,569,726.00 (submitted)	

\* Basis for determining the low bidder is the Base Bid, as specified in the bid documents.

Base Bid: All work from north of Madrona Street to "F" Street  
Additive Alternate A: Furnish and Install Survey Well Monument

Staff's review of the low bid by Palm Engineering Construction Co., Inc. found a mathematical error in the base bid amount. The corrected base bid amount is \$2,295,775.55, which is an increase of \$2,700.00 from the submitted base bid. This correction did not change the ranking order of the bids or affect the unit price of the bid items.

Palm Engineering Construction Co., Inc. submitted a letter dated March 3, 2015, as shown in the Attachment 1, acknowledging their mathematical error and confirming the corrected total bid amount of \$2,295,775.55. This corrected low bid is above the Engineer's estimate of \$2,249,598.50 by \$46,177.05 (approximately 2%). Palm Engineering Construction Co., Inc. is a currently an active licensed Class A, General Engineering Contractor (License No. 853930) and has performed similar work in the City with satisfactory performance. In addition, Palm Engineering Construction Co., Inc. is a Chula Vista registered Contractor, and all companies associated with this contract are registered as public works contractors with the California Department of Industrial Relations.

Staff recommends waiving the minor mathematical error and awarding a construction contract to Palm Engineering Construction Co., Inc. in the amount of \$2,295,775.55.

The proposed resolution would also authorize the Director of Public Works to approve change orders over and above existing policy limits. Under City Council Policy No. 574-01, if an individual change order causes the cumulative increase in change orders to exceed the Director's authority, ("Maximum Aggregate Increase in Change Orders"), City Council approval is required. The corresponding maximum aggregate contract increase that may be approved by the Director of Public Works under

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Policy No. 574-01 is \$137,788.78. Approval of the resolution would increase the Director of Public Works authority to approve change orders, as necessary, up to contingency amount of \$230,000.00 (approximately 10% of contract), an increase of \$92,211.22 over Policy No. 574-01. Increasing the Director's authority will allow the project to continue without delay should unforeseen circumstances arise resulting in increased project costs during the course of construction.

**Wage Statement**

The Contractor and its subcontractors are required by bid specifications to pay prevailing wage ("Prevailing Wage Rates") to persons employed by them for work under this Contract. In accordance with the provisions of Section 1773 of the Labor Code of the State of California, the City of Chula Vista has ascertained the general prevailing wage scales applicable to the work to be done. The prevailing wage scales are those determined by the Director of Industrial Relations, State of California.

**Disclosure Statement**

Attachment 2 is a copy of the Contractor's Disclosure Statement.

**DECISION-MAKER CONFLICT**

Staff has reviewed the property holdings of the City Council and has found no property holdings within 500 feet of the boundaries of the properties, which are the subject of these actions. Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

**LINK TO STRATEGIC GOALS**

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. Third Avenue, between "H" Street and "E" Street is designated in the City's Urban Core Specific Plan as a Smart Growth area. Smart Growth is characterized as providing a variety of transportation choices, pedestrian-friendly access, and strong links between land uses and regional transportation. Smart Growth fosters distinctive and attractive communities with strong and unique identities, drawing people to them, thereby enhancing the area's overall vitality and economic stability.

**CURRENT YEAR FISCAL IMPACT**

Approval of this resolution will result in the appropriation of \$150,000 in Gas Tax funds to STL400 for Construction Inspection and Land Surveying Staff costs. There are sufficient Gas Tax funds available for this appropriation. Sufficient Transportation Sales Tax (Smart Growth Grant), Gas Tax and Tax Allocation Bond (TAB) funds for this project were included in the Fiscal Year 2014-15 CIP budget for STL400. The table below summarizes the project costs and the funding sources:

<b>FUNDS REQUIRED FOR CONSTRUCTION</b>	
A. Contract Amount	\$2,295,775.55
B. Contingency (Approximately 10% of contract)	\$230,000.00
C. Construction Inspection and Land Surveying	\$360,000.00
D. Material Testing	\$26,976.45
<b>TOTAL FUNDS REQUIRED FOR CONSTRUCTION</b>	<b>\$2,912,752.00</b>

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<b>Funding Source</b>	
Smart Growth Grant (SANDAG) - Transport	\$1,228,478.00
Gas Tax Funds	\$260,207.00
TAB Bond Funds	\$1,274,067.00
Appropriation (Gas Tax Funds)	\$150,000.00
<b>Total Funding</b>	<b>\$2,912,752.00</b>

### **ONGOING FISCAL IMPACT**

Assuming the existing agreement with the Third Avenue Village Association (TAVA) is extended, TAVA will assume responsibility for a majority of the streetscape's maintenance. The City will maintain the street trees, roadway and roadway pavers (for line and grade only) which will require routine maintenance. If the agreement is allowed to lapse, the City will be responsible for maintenance.

### **ATTACHMENTS**

1. Contractor's Bid Correction Letter
2. Contractor's Disclosure Statement

*Staff Contact: Patrick C. Moneda, Senior Civil Engineer*