



# REPORT TO COUNCIL

## City of Sacramento

915 I Street, Sacramento, CA 95814-2604  
www. CityofSacramento.org

Consent  
November 6, 2008

Honorable Mayor and  
Members of the City Council

**Title:** Contract Award: Midtown Water Meter Retrofit Project (Z14010007)

**Location/Council District:** The area from F St. to the South, B St. to the North, 21<sup>st</sup> St. to the West and Alhambra Blvd. to the East. (Project Location Map at Attachment 1)/ Council District 3

**Recommendation:** Adopt a **Resolution** 1) approving the contract plans and specifications for the Midtown Water Meter Retrofit Project; 2) awarding the contract to Marques Pipeline for a amount not to exceed \$586,900; and 3) transferring \$250,000 from the Residential Water Meter Program Project (Z14003500) to the Midtown Water Meter Retrofit Project.

**Contact:** Michael Malone, Field Services Manager, 808-6226; Chris Powell, Utilities Construction Coordinator, 808-4031.

**Presenters:** Not Applicable

**Department:** Utilities

**Division:** Field Services

**Organization No:** 14001411

### Description/Analysis

**Issue:** The awarding of this contract for the Midtown Water Meter Retrofit project is necessary to meet the requirements of Assembly Bill 2572 by installing water meters on existing water services within the City of Sacramento. This law set a deadline of 100% metering of all residential and commercial accounts by 2025.

**Policy Considerations:** This action is in conformance with City Code Chapter 3.60 Articles I and III, which provide that the City Council may award competitively bid contracts to the lowest responsible bidder.



**Sustainability Considerations:** The project is consistent with the Sustainability Master Plan goals to help to improve water conservation awareness, by providing a monthly statement of water usage to the customers. The Meter Retrofit furthers the City's progress in implementing the Water Forum Agreement and the California Urban Water Conservation Council Best Management Practices (BMPs 1, 4, and 7).

**Environmental Considerations:** The Development Services Department, Environmental Planning Services Division, has reviewed the proposed project and has determined that this project is categorically exempt from CEQA (the California Environmental Quality Act) under Class 1, Section number 15301(b) and (c) and Class 3, Section number 15303(d) of the CEQA Guidelines. Projects exempt under Class 1, Section number 15301(b) and (c) consist of minor alteration or repair of existing utility facilities and sidewalks. Projects exempt under Class 3, Section number 15303(d) consist of installation and location of new, small utility facilities. A notice of categorical exemption will be filed with the County Clerk after City Council award of the Project.

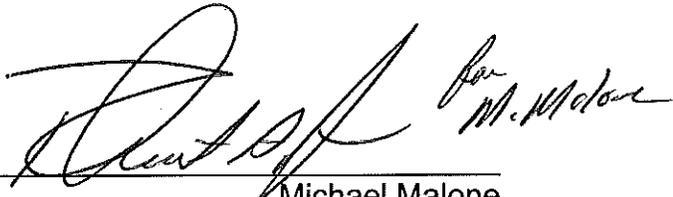
**Commission/Committee Action: None**

**Rationale for Recommendation:** On August 6, 2008, the City Clerk opened nine bids (see Attachment 2). The low bidder was Marques Pipeline. Staff recommends the contract be awarded to Marques Pipeline for the amount not to exceed \$586,900.

**Financial Considerations:** The total estimated project cost including design, construction, City supplied materials, inspection and contingency is \$ 1.175 million. Staff recommends \$250,000 be transferred to the Midtown Water Meter Retrofit Project (Z14010007, Water Fund 6005) from the Residential Water Meter Program (Z14003500, Water Fund 6005). This transfer will provide sufficient funding to award the contract and complete the project.

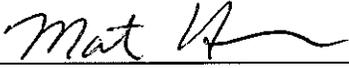
**Emerging Small Business Development (ESBD):** This project included a participation goal of 20% for emerging and small business enterprises (ESBEs) as required by Ordinance 99-007 and Resolution 99-055, relating to ESBD participation goals and policies, adopted by the City Council on February 9, 1999. The lowest responsible bidder, Marques Pipeline met this goal with an ESBE participation level of 20%. A letter was received by the City from the third lowest bidder (Preston Pipeline), claiming that Marques Pipeline had inflated the value of the work to be performed by the ESBE subcontractor and supplier listed in its bid. Prior to notifying bidders of the staff recommendation for contract award, City staff investigated and determined that the amount of supplies and

trucking services estimated for the ESBE supplier and ESBE trucking firm in Marques Pipeline's bid are reasonable and not significantly overstated. City staff's written documentation of this investigation and determination is attached to this report as Attachment 3. After bidders were notified of staff's recommendation to award to Marques Pipeline, a bid protest was filed by the second low bidder (Florez Paving). In accordance with City Code requirements, City staff issued a written response to the bid protest and scheduled a hearing before a hearing examiner. Florez Paving withdrew its bid protest after receiving the written response prepared by City staff.

Respectfully Submitted by:   
Michael Malone  
Field Services Manager

Approved by:   
Marty Hanneman  
Interim Director of Utilities

Recommendation Approved:

  
for Ray Kerridge  
City Manager

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### WATER METER RETROFIT PROJECT (PN: ZS10)



**Attachment 2****BACKGROUND**

On September 24, 2004, Governor Arnold Schwarzenegger signed Assembly Bill 2572 into law. The law set a deadline of 100% metering of all residential and commercial accounts by 2025.

On May 24, 2005, the City Council adopted Resolution 2005-347, directing that water meters be installed according to a plan developed using the following implementation criteria: spreading meter installation projects throughout the City, coordinating water meter installation with the replacement of old water mains, and continuing to add new meter installation projects that are adjacent to completed projects.

This project is part of the 5 year plan developed by the Department of Utilities based on the implementation guidelines approved by Council. This project will install 597 meters on all un-metered services within the project area.

At the retrofit program's inception in 2004, there were approximately 104,930 meters to install within the City. To date, the Department of Utilities has installed 3,663 meters through Capital Improvement Projects. With the completion of this project a total of 4274 meters will have been installed under the retrofit program. Approximately 100,656 meters will remain for future Capital Improvement Projects. All retrofit projects are coordinated with public outreach to customers and stake holders.

This project was first bid on March 26th, 2008, but after multiple bid protests were filed the City Council rejected all bids so that the project could be rebid to include revisions to the City's ESBE Requirements clarifying the requirements applicable to ESBE participation credit for truckers and suppliers.

This project was advertised again on July 10, 2008 and nine (9) bids were received and opened on August 6, 2008. The bids are summarized below:

<b>Contractor</b>	<b>Bid Amount</b>	<b>ESBE %</b>
Marques Pipelines	\$586,900	20.45
Florez Paving	\$592,900	89
Preston Construction	\$635,594	20.1
Teichert Construction	\$641,890	20.1
Navajo Pipelines	\$653,250	78.8
MIB Enterprises	\$689,000	29.4
Vulcan Construction	\$719,100	100
Frank Madina	\$748,750	100
Arrow Construction	\$853,910	100

The engineer's estimate was \$ 850,000.

**Attachment 3****ESBE Participation Report**

The Midtown Water Meter Retrofit project includes a participation goal of 20% for emerging and small business enterprises (ESBEs). The project bid specifications included recent revisions to the ESBE Requirements to clarify that bidders listing ESBE truckers will only receive ESBE credit for the estimated cost of trucking services and only ESBE suppliers will receive ESBE credit for the estimated cost of supplies.

The bid submitted by the lowest bidder, Marques Pipeline, listed (1) an ESBE supplier, Jernigan Pipeline Supply, for supplies estimated at \$115,000 and (2) an ESBE trucker, Soares Trucking Inc., for trucking estimated at \$5,000, resulting in a total ESBE participation amount of \$120,000, which meets the minimum ESBE participation level.

The third lowest bidder, Preston Pipelines, sent a letter to the City claiming that Marques Pipeline inflated these dollar amounts, and requested that the City investigate and verify that the Marques Pipeline bid meets the ESBE participation level of 20%. City staff investigated Marques Pipeline's bid to determine whether supplies or trucking had been inflated.

- City staff requested and received from Marques Pipeline a detailed pre-bid material list and written quotes made to Marques Pipeline from Jernigan Pipeline Supply.
- The pre-bid material list and quotes provided by Marques Pipeline were compared to the City's estimate of materials needed per the contract specifications and City staff finds no basis for determining that Marques Pipeline unreasonably estimated or significantly overstated the amount of materials to be supplied by its ESBE supplier.
- The material list provided by Marques Pipeline included Redi mix concrete to be supplied by its ESBE supplier at a cost of \$17,000. City staff requested that Marques Pipeline provide documentation showing that the concrete mix will conform to the contract specifications.
- Initially, City staff determined that the product shown on Marques' pre-bid material list would not meet the contract specifications, and Marques proposed an alternative that would involve the delivery of concrete to the site by another ESBE supplier. City staff informed Marques that ESBE participation credit could not be provided for an ESBE supplier that was not listed in Marques' bid, so that this alternative would render Marques' bid unresponsive for failure to meet the ESBE participation goal.
- Marques subsequently provided City staff with a specification sheet for a concrete mix to be supplied by their listed ESBE supplier, and requested that City staff review their proposed concrete mix design to determine whether it would meet the contract

specifications.

- The specification sheet for the concrete mix provided by Marques subsequently was determined by the City's Department of Transportation to meet the contract specifications. Because the concrete would be provided by the ESBE supplier listed in Marques' bid, City staff determined that it was appropriate to allow ESBE participation credit for the concrete.
- City staff determined that the amount listed for Soares Trucking Inc. (\$5,000), which correlates to approximately 59 trucking hours, is reasonable for this project; in fact, this amount is significantly less than the amount listed for the same trucking firm in the bid submitted by Preston Pipelines.

Based on this investigation, City staff has determined that the amount of ESBE-supplied materials and ESBE trucking services estimated in Marques Pipeline's bid is reasonable and is not significantly overstated. These findings were presented to the City's Office of Small Business Development, which concurred in this determination.

**Attachment 4**

**RESOLUTION NO.**

Adopted by the Sacramento City Council

**AWARD CONTRACT FOR THE MIDTOWN WATER METER RETROFIT PROJECT  
(Z14010007)**

**BACKGROUND**

- A. State law requires the City of Sacramento to install water meters on all residential and commercial water services.
- B. On May 24, 2005, the City Council adopted Resolution 2005-347, directing that water meters be installed according to a plan developed using the following implementation criteria: spreading meter installation projects throughout the City, coordinating water meter installation with the replacement of old water mains, and continuing to add new meter installation projects that are adjacent to completed projects.
- C. City staff prepared plans and specifications to install water meters on all residential and commercial water services within the project area located between F St. to the South, B St. to the North, 21<sup>st</sup> St. to the West and Alhambra Blvd. to the East.
- D. The City requested bids for this work as the Midtown Water Meter Retrofit Project (Z14010007).
- E. Marques Pipeline, Inc. was the lowest responsible bidder for this Project.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL  
RESOLVES AS FOLLOWS:**

- Section 1. The contract plans and specifications for the Midtown Water Meter Retrofit Project (Z14010007) are approved, and the contract is awarded to Marques Pipeline, Inc. for an amount not to exceed \$586,900.
- Section 2. \$250,000 is transferred to the Midtown Water Meter Retrofit Project (Z14010007, Water Fund 6005) from the Residential Water Meter Program (Z14003500, Water Fund 6005).

