

RESOLUTION NO. 2010-068

Adopted by the Sacramento City Council

February 9, 2010

VOIDING PRIOR AWARD AND AWARDED CONTRACT FOR THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) WATER METER RETROFIT PROJECT PHASE 10 (Z14010028)

BACKGROUND

- A. On August 6, 2009, the City Council approved Resolution 2009-516 authorizing the execution of a \$ 20 million grant/loan funding agreement for the Water Meter Retrofit (WMR) Project (Phases 1-9), utilizing American Recovery and Reinvestment Act (ARRA) funding provided through the Safe Drinking Water State Revolving Fund (SDWSRF) Program administered by the California Department of Public Health. The City Council approved the addition of additional Phases to the Project on September 15th (Phase 10) and September 22nd (Phase 11).
- B. The WMR Project will retrofit water services with meters at a total of 15,000 - 17,000 residential and commercial properties. Phase 10 of the Project will install 2,191 meters on unmetered services.
- C. The plans and specifications for Phase 10 of the Project were approved by the City Council on September 15, 2009.
- D. On October 13, 2009, the City Council adopted Resolution No. 2009-647, awarding the contract for Phase 10 of the WMR project to Advantage Demolition and Engineering for an amount not-to-exceed \$2,230,779.
- E. Pursuant to the contract, Advantage Demolition and Engineering filed with the City performance and payment bonds purportedly issued by the Merchants Bonding Company. The bid bond previously filed by Advantage Demolition and Engineering with its bid also was purportedly issued by the Merchants Bonding Company.
- F. On January 7, 2010, in response to an inquiry from City staff, the City was notified by Merchants Bonding Company that the bonds filed by Advantage Demolition and Engineering are not legitimate. Upon receipt of this information, City staff directed Advantage Demolition and Engineering to stop work on the project. Upon receipt of additional verification that the bonds were not legitimate, City staff subsequently notified the company that the contract was terminated due to the filing of fraudulent bonds.

- G. Section 3-4 of the City's Standard Specifications for Public Construction requires the successful bidder to file valid performance and payment bonds. Section 20 of the contract provides that a contractor's failure to provide or maintain valid bonds is cause for termination of the contract, and Section 3-7 of the City's Standard Specifications for Public Construction provides that the lowest bidder's failure to file valid bonds is cause for the City Council to void the contract award to that bidder and award the contract to the second lowest bidder.
- H. The second low bidder on this contract, Florez Paving, has agreed to perform the contract for the amount that Florez Paving previously bid.

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

- Section 1. The City Council's prior award of the contract for the SDWSRF ARRA Water Meter Retrofit Project Phase 10 to Advantage Demolition and Engineering is voided due to the fact that Advantage Demolition and Engineering filed invalid bonds with the City.
- Section 2. The contract for the SDWSRF ARRA Water Meter Retrofit Project Phase 10 is awarded to Florez Paving, for an amount not to exceed \$2,234,762.50.

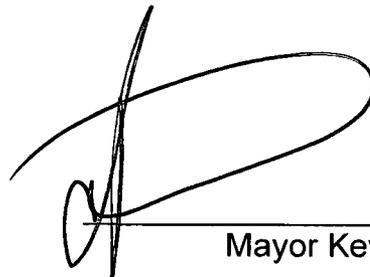
Adopted by the City of Sacramento City Council on February 9, 2010 by the following vote:

Ayes: Councilmembers Cohn, Fong, Hammond, McCarty, Pannell, Sheedy, Tretheway, Waters, and Mayor Johnson.

Noes: None.

Abstain: None.

Absent: None.



Mayor Kevin Johnson

Attest:


Shirley Concolino, City Clerk