



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2671
www. CityofSacramento.org

CONSENT
July 25, 2006

Honorable Mayor and
Members of the City Council

Subject: Reject All Bids for the Sacramento River Water Treatment Plant (SRWTP) Generator Installation Project (PN: ZK06).

Location/Council District: The SRWTP is located at 1 Water Street within Council District 1 (see enclosed map).

Recommendation:

Staff recommends that the City Council reject all bids.

Contact: David L. Brent, Engineering Manager, 808-1420, Dave Hansen, Supervising Engineer, 808-1421

Presenters: N/A

Department: Department of Utilities

Division: Engineering Services

Organization No: 3332

Summary: Bids were received from two (2) contractors and opened by the City Clerk on June 7, 2006. Since the bids came in higher than the Engineer's estimate, staff recommends that all bids be rejected so that the project can be re-bid at a later date.

Committee/Commission Action: None.

Background Information:

The SRWTP generator installation project proposed to replace the existing generator with a newer model to provide reliable back up power. The existing generator was manufactured in 1981 and was rated at 1 MW. This unit is hard to start and maintain. The newer unit is rated at 2 MW and therefore is able to back up more of the plant in case of a SMUD power outage. This will then allow for greater water production during a SMUD outage.

Engine generator sets are in huge demand worldwide and their prices have escalated recently. As an example, a similar unit that cost under \$200,000 eight years ago now costs over \$700,000. Also, copper prices have more than tripled in price over the last year, which also increased the cost of the unit since the generator windings are made of copper.

In addition, the federal EPA has mandated that diesel engines meet new Tier II emission standards as of January 1, 2006. Prior to bidding, engine manufacturers indicated that Tier II engines would be available the first quarter of 2007. However, manufacturers making large Tier II engines have been delayed because of production and design problems. Because of these problems our contractors only received bids from two generator suppliers and one of the bids was for a Tier I engine with a catalytic converter.

All of these issues contributed to bids coming in significantly higher than the estimate. Therefore, staff recommends that the City Council reject all bids so that the contract can be re-bid when Tier II engines are readily available. It is anticipated that Tier II diesel engines will be available from several manufacturers later in 2007. The City Council is authorized to reject all bids and re-bid under City Charter Section 203, and City Code Sections 3.60.140 and 3.60.160.

This project was advertised and two (2) bids were received and opened on June 7, 2006. The bids are summarized below:

Contractor	Bid Amount
BRC Construction	\$1,390,000
Cal Electro	\$1,489,535

- The engineer's estimate was \$675,000.

Financial Considerations:

It is anticipated that future bids will come in lower and that funding will be available for this project to sufficiently award the contract.

Environmental Considerations:

CEQA does not apply to a rejection of bids (CEQA Guidelines section 15270). Further, the Planning Services Division, Environmental Section, has reviewed the project and has determined that this project, when approved, will be exempt from CEQA under Section 15302(c) of the CEQA Guidelines (replacement of utility systems).

Policy Considerations:

This action is consistent with Chapter 3.60 of the City Code concerning the rejection of bids.

Emerging Small Business Development (ESBD):

This project included participation goals of 20% for emerging and small business enterprises 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.

Respectfully Submitted by: 
David L. Brent
Engineering Manager

Approved by: 
Gary A. Reents
Director of Utilities

Recommendation Approved:

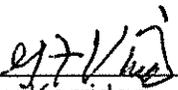
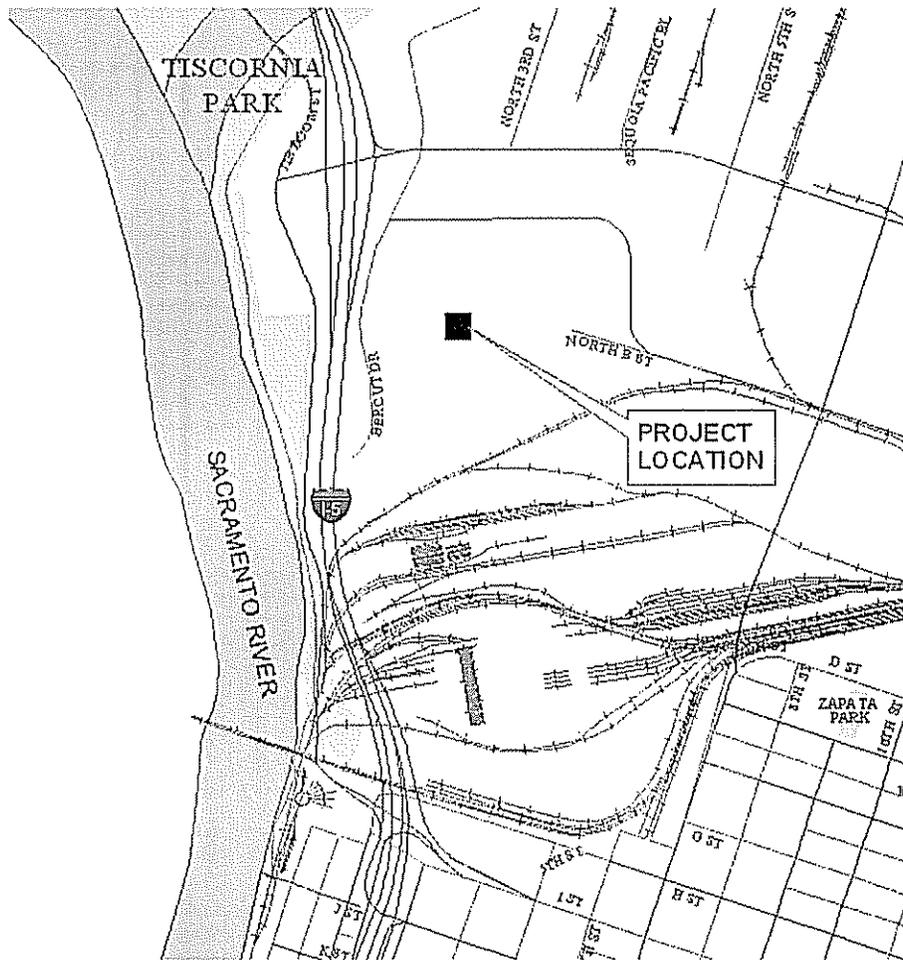

for Ray Kerridge
City Manager

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Attachment 1
Location Map for
**SACRAMENTO WATER TREATMENT PLANT
GENERATOR INSTALLATION PROJECT**
(PN:ZK06)



Map Prepared By
City of Sacramento
Department of Utilities

File: C:\Eg\Proj\F\Doc\mst\GIS\City\Map_06\N_2106\SACRAMENTO TREATMENT PLANT GENERATOR PROJECT.mxd



RESOLUTION NO.

Adopted by the Sacramento City Council

**RESOLUTION REJECTING ALL BIDS FOR THE SRWTP
GENERATOR INSTALLATION PROJECT (PN: ZK06)**

BACKGROUND

- A. Due to bids coming in higher than the Engineer's estimate, staff recommends that all bids be rejected so that the project can be re-bid.
- B. The project was advertised for bidding and bids were received on June 7, 2006.

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

- Section 1. All bids are rejected for the SRWTP Generator Installation Project (PN: ZK06).