



**CITY OF LARKSPUR
Staff Report**

March 21, 2018 City Council Meeting

DATE: February 26, 2018

TO: Honorable Mayor Hillmer and the Larkspur City Council

FROM: Julian Skinner, Director of Public Works

SUBJECT: ADOPT A RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR THE BON AIR BRIDGE REPLACEMENT PROJECT (CIP 2004-011) TO GOLDEN STATE BRIDGE, INC. IN THE AMOUNT OF \$26,730,037

ACTION REQUESTED

Adopt a resolution awarding a construction contract for the Bon Air Bridge Replacement project (CIP 2004-011) to Golden State Bridge, Inc. as the lowest responsible bidder submitting the lowest responsive bid in the amount of \$26,730,037.

SUMMARY AND BACKGROUND

The Bon Air Bridge is in need of replacement due to structural deficiencies in the current span. The City project to replace the bridge is included the Federal Highway Administration's (FHWA) Highway Bridge Program (HBP). Construction costs for the bridge are eligible for 88.53% federal funding.

Following a decade of preparation, including extensive public outreach and environmental study, the City solicited bids for the Bon Air Bridge Replacement Project in late 2016, and opened bids in January 2017. Only two contractors submitted bids, with the apparent low bid being \$26,831,623. This bid was considerably higher than the Engineer's Estimate of \$15,651,000, and the amount programmed in the federally funded bridge program of \$17,215,801, \$14,969,926 of which is federal funding. The City Council acted on March 1, 2017 to formally reject all bids. While Caltrans has a process to request funds for a bid in excess of the Engineer's Estimate and programmed amount, the probability of receiving increased funding was considered low and the financial risk for the City significantly increased.

At the March 1, 2017 City Council meeting, staff presented three options for next steps: re-advertise the project as-is; assess repackaging (modifying) the project to allow closure of the Bon Air Bridge during the project (the advertised project required that the bridge remain open); or fully redesign the project.

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Based on feedback from the public and Council, staff eliminated the closure option from consideration and returned on August 9, 2017 for direction, at which time Council directed staff to rebid the project with the same parameters as before (“as-is”).

On November 1, 2017 the City advertised the project for construction bids, with essentially the same project plans and specifications as the 2016 bid. On the January 30, 2018 deadline for receipt of bids, the City received four bids, twice as many as the 2016 bid.

A review of the bids revealed Golden State Bridge, Inc to be the lowest responsible bidder submitting the lowest responsive bid in the amount of \$26,730,037. The Engineer’s Estimate for this project was \$25,807,000. The City Council award of construction contract is required to proceed with the project, which is anticipated to include four years of work through to completion. Given a second bid confirming the construction costs, a bid analysis can now support the request to the federal bridge program for additional funds.

DISCUSSION

A structural deficiency of the Bon Air Bridge is causing its slow deterioration. The bridge must be replaced. In 2006, the Bon Air Bridge Replacement Project was approved for Federal Highway Bridge Program (HBP) funding. Projects placed under the HBP receive reimbursement of 88.53% of project construction costs. Caltrans administers the HBP funding process for California projects.

Since 2006, the City has designed the replacement bridge, completed an environmental analysis, and negotiated approvals from several regulatory agencies. Public engagement in the early stages of the process produced a design that features reduced bridge piles, dedicated bike lanes, and protected multi-use paths for improved bike and pedestrian safety. The project includes improvements to Bon Air Road from Magnolia Avenue to Bayview Road.

On August 9, 2017, staff presented project options for Council consideration, including a recommendation to rebid the project as-is. Staff relayed to Council that if the project were to be rebid as-is, and the low bid were in line with the previous bids and the new Engineer’s Estimate, a bid analysis could likely support the construction cost, and that a request to Caltrans for the additional funding would likely be successful. This was based on additional bids justifying the higher project cost and the City being able to document that less expensive alternatives, including closing the bridge during construction were not feasible. The Engineer’s Estimate was revised to \$25.8 million just prior to the November bid to reflect current construction costs and contractor feedback.

Council directed staff to re-advertise the project for construction bids based on the following information available at the time:

1. The current project is the result of a ten-year process that included significant public input.
2. The cost of the bridge replacement is driven by the environmental and access constraints – these factors are present in any bridge design at this location, reducing the cost effectiveness of alternate, otherwise less expensive designs.
3. Permits are in place for the proposed project, but would be subject to review and modification, at unknown additional cost, with any significant redesign
4. The redesign and construction costs and timing of a new bridge design are unknown – there is no guarantee that a ‘less expensive’ bridge will result in a less expensive project.
5. Abandoning the project would cost the City the same today as replacing the bridge but would place the City at significant financial risk in the future.

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6. Preliminary feedback from Caltrans is that additional federal funding would be available should a second bid result in a construction cost in line with the new Engineer's Estimate.

On November 1, 2017, consistent with City Council direction, staff re-advertised the Bon Air Bridge Replacement project for construction bids. Bids were due on the January 30, 2018, by which time a total of four bids were received. In addition to the bids from the two contractors who submitted for the 2016 solicitation; MCM Contractors and Keiwit Infrastructure West, bids were received from Golden State Bridge, Inc. and Granite Construction Company.

Kiewit Infrastructure from Fairfield, CA submitted the highest bid at \$31,891,158, followed by MCM Contractors from North Highlands, CA at \$ 30,235,945. The two lowest bidders, Golden State Bridge, Inc from Benicia, CA and Granite Construction Company from Ukiah, CA had mathematical errors in their submitted bids, but correction of these errors did not alter the order of bidders, with Golden State's \$26,730,037 (corrected from \$26,830,037) being less than Granite's \$28,212,127.40, which was corrected from \$28,212,187.40 as read aloud on bid opening day.

<u>Ranking</u>	<u>Company Name</u>	<u>Bid Amount</u>	<u>Location</u>
1	Golden State Bridge	\$26,730,037.00	Benicia, CA
2	Granite Construction	\$28,212,127.40	Ukiah, CA
3	MCM Construction	\$30,235,945.00	Fairfield, CA
4	Keiwit Infrastructure West	\$31,891,158.00	North Highlands, CA
N/A	ENGINEER'S ESTIMATE	\$25,807,000.00	

The City's consultant, PreScience, completed a thorough bid analysis in accordance with Chapter 15 of the Caltrans Local Assistance Procedures Manual, which dictates practice and policy for federal aid projects. PreScience concluded that the apparent low bid submitted by Golden State, subject to the mathematical correction noted, was a responsive bid, and that Golden State, as a responsible contractor should be awarded the construction contract (should City Council decide to award the contract).

The bid analysis looked at the following items in determining the responsive bid:

- Number of bids
- Distribution or range of the bids
- Identity and geographic location of the bidders
- Urgency of the project
- Unbalancing of bids
- Potential for savings if the project is re-advertised
- Justification for significant bid price differences

The result of this analysis was favorable to a recommendation to award a construction contract based on the low bid received.

With a responsive bid from a responsible bidder within 4% of the Engineer's Estimate, it is staff's recommendation that City Council award a construction contract to Golden State Bridge, Inc. It should be noted that the two contractors who submitted bids for the 2016 solicitation increased their bids by 7% (Kiewit) and 13% (MCM) for this second bid advertisement. There is no reason based on the results of the two bid advertisements to not believe that the low bid from Golden State Bridge is a true reflection of the construction cost in today's construction climate and affords the City the best opportunity to complete the project at the lowest cost in a timely manner.

City Council award of a construction contract is required to proceed with the project. If awarded, construction is anticipated to start in about 60 days. The Contractor has been allotted just over four years

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to complete the work; however, with favorable environmental conditions, including cooperative weather and lack of presence of protected species, the work could be completed sooner.

FISCAL IMPACT

The Bon Air Bridge Replacement project is included in the City's Capital Improvement Program as project 2004-011. The adopted budget includes \$28,000,000 for improvements, including \$24,788,400 of federal Highway Bridge Program funding and \$3,211,600 of local money. The City has sufficient monies in its Bridge Fund to cover the local contribution to the project; the Bridge Fund was created with monies awarded to the City through a lawsuit concerning work previously done on the Bon Air Bridge. The budgeted amount is sufficient to award a contract based on the submitted low bid by Golden State Bridge; however, construction project budgets typically include a 10% contingency allowance above contract awards for unforeseen conditions. The current budgeted amount allows for only a 4.8% contingency allowance. Since the project and budget is spread over five fiscal years, staff will monitor and provide construction progress updates through the course of construction to keep City Council and public up to date on construction issues and to track the contingency spending. The City's request to Caltrans for additional funding includes a 10% contingency allowance. The City's portion of the unbudgeted contingency allowance that may need to be allocated in a future fiscal year is \$160,929.

This project is currently programmed at a construction cost of \$17,215,601 in the federal bridge program, which includes \$14,969,926 of federal funds. Based on the supportive bid analysis, City staff has submitted a request for additional funding to Caltrans, who administer the bridge program for the Federal Highway Administration (FHWA) in California. The additional funding being requested includes:

- Funds required for the anticipated bid award
- An additional ten percent contingency
- Construction management costs
- Mitigation project costs

The funding request has been approved by Caltrans Office of Local Assistance and is now being reviewed by Caltrans Headquarters.

Upon approval, Caltrans Headquarters will ask FHWA to set aside the balance of construction funding required for the project. Until these processes occur, the amount available from Caltrans for this project is \$14,969,926. Ideally, the City Council could wait for these processes to occur before awarding the bid for this project. However, staff does not believe additional funds will be set aside for this project for several months – potentially jeopardizing the contractor's ability to begin work in 2018. In addition, a lengthy delay in awarding the bid might present problems for the contractor in fulfilling its bid terms.

Staff has spoken with members of its project team familiar with the funding process by Caltrans and they agree that because the City has received approval from the Caltrans Office of Local Assistance, it is highly likely that Caltrans Headquarters will also approve the increase in funding. Based on this assessment, staff believes it is in the best interests of the City to award this bid and initiate the project. The already awarded amount of \$14,969,926, in combination with the City's Bridge Fund, provide sufficient funds to cover the first two years of the project. Two years is more than ample time to resolve any concerns of Caltrans Headquarters to obtain approval.

ENVIRONMENTAL STATUS

The environmental review for this project was previously completed. The subject contract award does not require any amendments to the existing environmental documents.

STAFF RECOMMENDATIONS

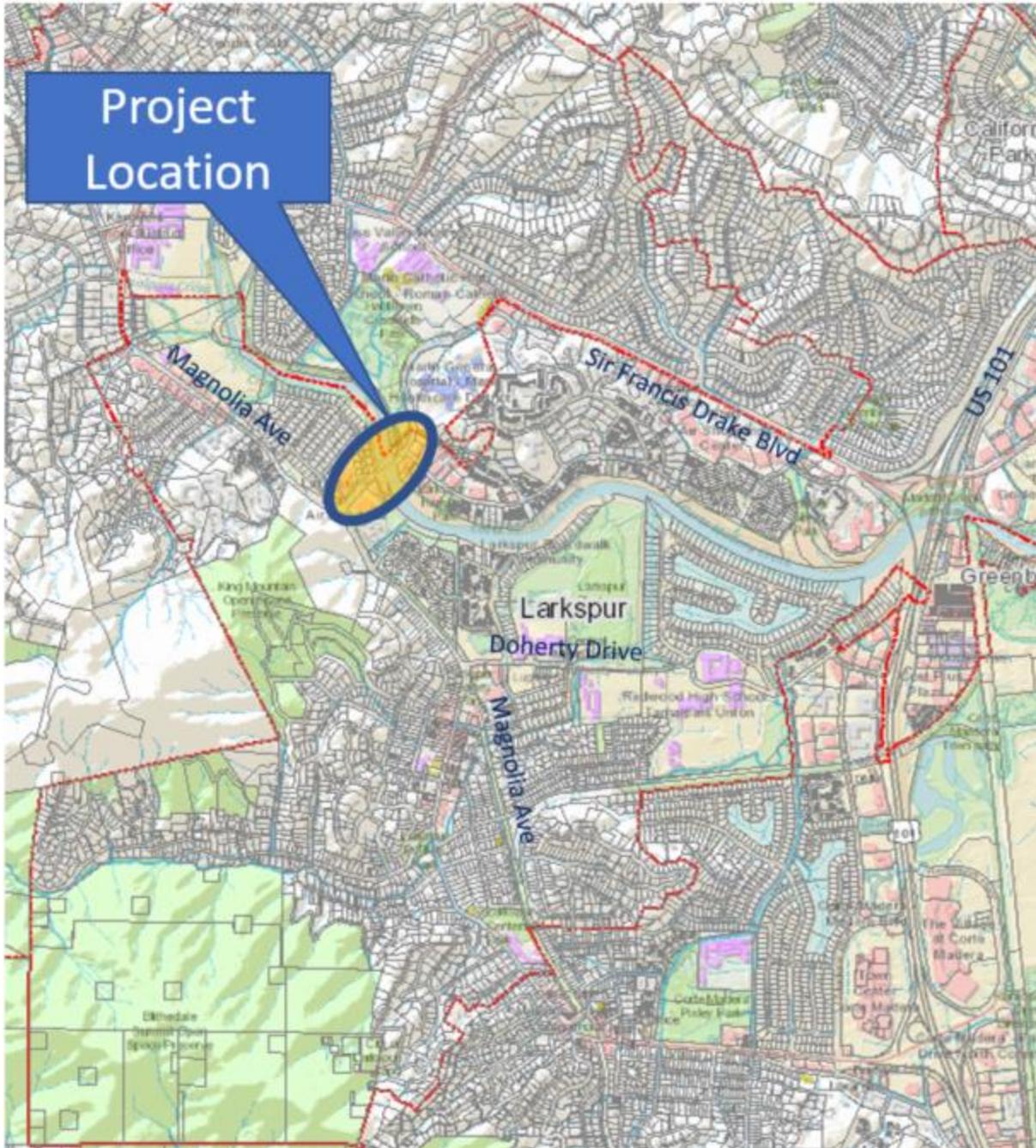
Staff recommends that City Council award a construction contract to Golden State Bridge, Inc. for the Bon Air Bridge Replacement Project (CIP 2004-011) in the amount of \$26,730,037.

Respectfully submitted,

Julian Skinner, Director of Public Works

Attachments

1. Location Map
2. Bid Abstract
3. Resolution



Location Map

Bon Air Bridge Replacement Project

Project Name
Bon Air Road Bridge Replacement

CIP #: 2004-011 Category: Streets
Location: Bon Air Road btwn Magnolia Ave & So Eliseo

Project Status: active

Anticipated Start Date:

Project Description
Replacement of the existing Bon Air Road Bridge.

Project is: fully funded un/under funded

Justification/Objective
The bridge was determined to be structurally deficient and replacement under the HBP deemed most cost-effective solution

PROJECT EXPENDITURE:		FY2016-17 & prior	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	Total
Design Engineering	D&E	\$ 3,964,958	\$ 520,042	\$ -	\$ -	\$ -	\$ -	\$ 4,485,000
Improvements	IMP	-	3,500,000	7,000,000	7,000,000	7,000,000	3,500,000	28,000,000
Construction Mgt	CM	-	525,001	1,050,000	1,050,000	1,050,000	525,001	4,200,002
Total Design/Construction Costs:		\$ 3,964,958	\$ 4,545,043	\$ 8,050,000	\$ 8,050,000	\$ 8,050,000	\$ 4,025,001	\$ 36,685,002

FUNDING SOURCES		FY2016-17 & prior	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	Total
HBP Caltrans/FHWA	D&E	\$ 3,588,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,588,000
HBP Caltrans/FHWA	IMP	-	3,098,550	6,197,100	6,197,100	6,197,100	3,098,550	24,788,400
HBP Caltrans/FHWA	CM	-	464,783	929,565	929,565	929,565	464,783	3,718,261
Bridge Fund	D&E	897,000	-	-	-	-	-	897,000
Bridge Fund	IMP	-	401,450	802,900	802,900	802,900	401,450	3,211,600
Bridge Fund	CM	-	60,218	120,435	120,435	120,435	60,218	481,741
Total Funding:		\$ 4,485,000	\$ 4,025,001	\$ 8,050,000	\$ 8,050,000	\$ 8,050,000	\$ 4,025,001	\$ 36,685,002
Carryover		\$ 520,042						

Notes:

Approval Mechanism (Reso # & Date)	Reso#	Date	Notes

Adopted in FY:
Last revised on: 6/1/2017
Printed on: 8/16/2017

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**CITY OF LARKSPUR
RESOLUTION 14/18**

ADOPT A RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR THE BON AIR BRIDGE REPLACEMENT PROJECT (CIP 2004-011) TO GOLDEN STATE BRIDGE, INC. IN THE AMOUNT OF \$ 26,730,037.

WHEREAS, the City of Larkspur has an Adopted Budget for its Capital Improvement Program (CIP) for Fiscal Years 2017-18 through 2022/23;

WHEREAS, the Bon Air Bridge Replacement project is included in said CIP with a total budget amount of \$36,685,002, including \$28,000,000 in construction funding;

WHEREAS, on November 1, 2017, in accordance with the California Public Contract Code and the Caltrans Local Assistance Procedures Manual, staff advertised for public construction bids for the subject project;

WHEREAS, by the 2pm January 30, 2018, deadline for receipt of bids in response to said bid advertisement the City received four bids;

WHEREAS, a detailed bid analysis revealed mathematical errors in the two lowest bids, although the math errors did not change the bid ranking;

WHEREAS, the bid analysis found the highest of the four bids to be non-responsive based on a failure to submit follow-up information after bid opening;

WHEREAS, the bid analysis found the bid submitted by Golden State Bridge, Inc in the amount of \$26,730,037 (corrected from \$26,830,037 due to mathematical error) to be the lowest responsive bid submitted by the lowest responsible bidder;

WHEREAS, the Engineer's Estimate of construction costs was \$25,807,000; and

WHEREAS, it is the recommendation of the Public Works Director that the construction contract for the Bon Air Bridge Replacement project (CIP 2004-011) be awarded to Golden State Bridge, Inc. as the lowest responsible bidder submitting the lowest responsive bid in accordance with California Public Contract Code Section 20162.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Larkspur hereby resolve, declare, determine, and order as follows:

- 1 The recitals above are found to be true and correct and constitute the findings of the City Council made in support of the resolution.
- 2 The City Manager and/or his designee is authorized to execute a construction contract with Golden State Bridge, Inc. for the Bon Air Bridge Replacement project (CIP 2004-011) in the amount of \$26,730,037.

IT IS HEREBY CERTIFIED that the City Council of the City of Larkspur duly introduced and regularly adopted the foregoing resolution at a regular meeting held on March 21, 2018 by the following vote:

AYES: COUNCILMEMBER:

NOES: COUNCILMEMBER:

ABSENT: COUNCILMEMBER:

ABSTAIN: COUNCILMEMBER:

Dan Hillmer, Mayor

ATTEST:

Jamie Kuryllo, City Clerk