

**CITY OF LARKSPUR
Staff Report**

March 1, 2017 City Council Meeting

DATE: February 24, 2017
TO: Honorable Mayor Haroff and Members of the City Council
FROM: Julian Skinner, Director of Public Works
SUBJECT: ADOPT A RESOLUTION TO REJECT ALL CONSTRUCTION BIDS BON AIR BRIDGE REPLACEMENT PROJECT- CIP 501-2004-013-412000 AND CONSIDER PROJECT OPTIONS

ACTION REQUESTED:

Adopt a resolution to reject all bids for the above referenced project. Provide direction to staff on follow-up action.

SUMMARY:

The Bon Air Bridge is in need of replacement due to structural deficiencies in the current span. Following a decade of preparation, the City began soliciting bids for the Bon Air Bridge Replacement Project on October 27, 2016; bids were opened on January 17, 2017. There were two responsive bidders, with the apparent low bid being \$26,831,623. This bid is considerably higher than the Engineer's Estimate of \$15,651,000. The primary funding source for this project is the Federal Highway Bridge Program (HBP); the California Department of Transportation (Caltrans) serves as the administrator for HBP funded in California. While Caltrans has a process to request funds for a bid in excess of the Engineer's Estimate, the probability of receiving increased funding is low and the financial risk for the City to pursue an increase is high. Staff recommends rejection of all bids.

Rejecting all bids necessitates consideration of next steps and staff is seeking feedback and direction from the Council. Staff believes the Council has three options: re-advertise the project with the same parameters; repackage (modify) the project to allow closure of the Bon Air Bridge during the project (the current project requires that the bridge remain open); or fully redesign the project. Staff has conducted a preliminary review of these options and, after weighing impact on the community against cost and risk, recommends repackaging the project to allow the closure of Bon Air Bridge during construction.

BACKGROUND AND ANALYSIS:

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 88.5% of project 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. A concern of the City Council and the public expressed throughout this process has been the impact the construction will have on the community. In particular, the City Council has repeatedly asked that Bon Air Road remain open throughout the project to minimize this impact. As currently designed, the Project calls for the construction of temporary spans that will allow through traffic for the duration of the Project.

On October 19, 2016, following a decade of preparation, the City Council approved the plans for the Bon Air Bridge Replacement Project and authorized staff to publicly advertise the project for construction bids. Staff advertised the project on October 27, 2016. Ten contractors, identifying themselves as prospective prime contract bidders, attended a mandatory pre-bid conference on November 30, 2016; only 2 construction bids were received by the January 17, 2017 deadline.

The apparent low bidder was MCM Construction of North Highlands, California, with a bid of \$26,831,623. The other bidder, Kiewit Infrastructure, submitted a bid of \$29,800,000. Both bids exceed the Engineer's Estimate for the Project, which is \$15,651,000. Staff has been monitoring the bidding climate for large-scale capital projects for some time, and based on the complexity of the Bon Air Bridge Replacement Project, was prepared for the possibility of the apparent low bid exceeding the Engineer's Estimate.

The City's construction budget for this Project is \$14,580,000 and the Caltrans funding authorization is \$15,650,728. Caltrans has a process to amend these amounts and secure a higher funding authorization after opening bids – provided sufficient HBP funds are available and uncommitted to other projects. To secure the higher amount and award the Project, staff must conduct a bid analysis to assure that there was good competition for the Project and that lowest bid reflects the lowest possible cost for the Project. Only two contractors submitted bids. These bids are more than ten percent apart from one another and are both significantly greater than the Engineer's Estimate; it is staff's determination that a bid analysis does not support the award of a contract to MCM Construction. In

addition, staff is not confident that sufficient HBP funds are available to close the gap between the current funding authorization and the bid from MCM. If the City were to award this project to MCM based on the current bid, the City might be responsible for as much as \$11.2 million in unbudgeted construction costs.

Staff recommends that the City, pursuant to California Public Contract Code Section 20166, reject all bids received.

After rejection of bids, the City may re-advertise the project as-is, revise the project and advertise for construction bids, or abandon the project. The last option is not considered valid in this circumstance, as the project is to replace a bridge that has known structural deficiencies. (In addition, the City would owe the HBP approximately \$3.3 million if the project is abandoned.) Revising the project can mean changing parameters of the existing project or completely redesigning the project.

Staff has analyzed the two submitted bids and spoken with bidding contractors. Staff has also spoken with some of the contractors who attended the pre-bid conference but chose not to submit a bid. Based on their feedback, it appears that bids are much higher than anticipated due to complexities introduced by two factors, the environmental constraints (habitat for protected species) and the requirement to keep Bon Air open to traffic. It is staff's conclusion that re-advertising the project as-is is unlikely to produce lower bids than what was submitted by MCM.

Significant redesign would require re-circulation of the project through the Caltrans project approval process, including environmental review, and would most likely require re-evaluation of all the project permits (Bay Conservation and Development Commission, Regional Water Quality Control Board, etc.) This process would take at least 18-24 months to complete, pushing construction to 2019, at the earliest. The magnitude of potential construction cost savings is not known, and would have to be weighed against the cost of the delay and the additional work.

To avoid a long project delay and potentially costly redesign expenses, staff evaluated project changes that could be implemented without significantly impacting the scope of the current project, but produce significant cost savings. Having reviewed the bids and spoken with contractors, staff believes that closing the Bon Air to through traffic during construction could reduce construction costs by approximately \$5 million. Additionally, the project timeline could be cut in half by this change; the project currently projects to close to four years with perfect weather conditions. This change would result in no change in the finished product, but a significant change in construction work. Closing the bridge during construction eliminates the need to construct temporary trestles in the creek, resulting in significant savings and shortened construction time. Staff believes reducing the complexity of the project and lowering the funding gap by \$5 million will put the project in a good position to qualify for a new HBP funding authorization.

Staff is seeking direction from the Council; it is recommended that the Council direct staff to return with a bid package that allows the closure of Bon Air Bridge to vehicle traffic for the duration of construction.

Closing the bridge to traffic was evaluated in the project’s 2011 Traffic Technical Memorandum and Detour Plan, which describes a detour route for a bridge closed condition as a two-mile route along Magnolia Avenue, College Avenue and Sir Francis Drake Boulevard. Police and fire officials have stated that a bridge closure would be manageable for them. It is anticipated that bicycle and pedestrian access could be maintained across the bridge during the closure.

FISCAL IMPACT:

The project is included in the FY16-17 Capital Improvement Program, with 88.53% of construction funding provided by the federal Bridge Program. The received low bid exceeds the adopted budget funding and exceeds the amount of federal bridge funds authorized for the project. Awarding a contract to the low bidder would result in the City being responsible for an additional \$1.3 million to \$11.2 million in construction costs. Abandoning the project would result in the City being responsible for \$3.3 million in expended project development costs. The costs to redesign and/or re-advertise the project are unknown at this time.

ENVIRONMENTAL STATUS:

This project has been previously processed for both CEQA and NEPA compliance.

STAFF RECOMMENDATIONS:

Staff recommends that Council reject all the bids received based on their significantly exceeding the Engineer’s Estimate. Potential follow-up staff actions to the bid rejection are listed below. Staff is seeking direction from the Council; it is recommended that the Council direct staff to return with a bid package that allows the closure of Bon Air Bridge to vehicle traffic for the duration of construction.

Summary of Post Bid Rejection Alternatives				
Action	Cost Saving	Timing	Pros	Cons
Repackage bid to include road closed during construction (<i>staff recommendation</i>)	\$5M	Re-advertise fall 2017 construction early 2018 – mid 2020	Simplifies construction, attracts more bidders – reduces construction time, reduces cost	2 mile detour is only alternate route.

AGENDA ITEM 8.1

Redesign project	unknown	Re-advertise fall 2018 construction early 2019 – end 2022?	Could result in cost savings	Extends project timeline. Unknown construction cost savings. Additional design costs.
Re-advertise as-is <i>(not recommended)</i>	Unknown (est. \$0)	Re-advertise spring 2017 construction late 2017 – end 2021?	No redesign cost	Extends project timeline. Unknown construction cost savings.

Respectfully submitted,

Julian Skinner
Director of Public Works/City Engineer

Attachments: Resolution
 Bid Abstract
 CIP Project Sheet

**CITY OF LARKSPUR
RESOLUTION No. 15/17**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LARKSPUR
REJECTING ALL CONSTRUCTION BIDS FOR THE BON AIR BRIDGE
RECONSTRUCTION PROJECT**

WHEREAS, the City of Larkspur caused to be prepared plans and specifications for the construction of a public project entitled "Bon Air Bridge Replacement Project," City project no. 501-2004-013-412000;

WHEREAS, the City Council authorized the Director of Public Works to call for bid proposals to construct the Project and provided the notice thereof as is required by law;

WHEREAS, bids were received from two bidders and opened on January 17, 2017 at 2 p.m.;

WHEREAS, the apparent low bid was \$26,831,623, more than seventy percent higher than the engineer's estimate; and exceeding the adopted budget by more than \$10 million;

WHEREAS, the second apparent low bid was \$29,800,000, more than ten percent higher than the apparent low bid;

WHEREAS, the Public Works Director has determined the low bid is unreasonable based on its exceeding the engineers estimate by seventy percent and a greater than ten percent variation between the two bids received;

WHEREAS, California Public Contract Code Section 20166 allows a legislative body to reject any bids presented; and,

WHEREAS, the Public Works Director recommends all bids presented be rejected based on the unreasonableness of the bids, and insufficient budget authority to award a contract.

NOW, THEREFORE, BE IT RESOLVED;

Section 1. The recitals above are found to be true and correct and constitute the findings of the City Council made in support of this resolution.

Section 2. The City Council rejects the bids presented for this project.

IT IS HEREBY CERTIFIED that the foregoing resolution was duly introduced and adopted at a regular meeting of the Larkspur City Council held on the 1st day of March, 2017 by the following vote, to wit:

* * * * *

AYES: COUNCILMEMBER:

NOES: COUNCILMEMBER:

ABSENT: COUNCILMEMBER:

ABSTAIN: COUNCILMEMBER:

MAYOR

ATTEST:

CITY CLERK

5-YEAR CAPITAL IMPROVEMENT PROGRAM

FY 2016-17 thru FY 2020-21

Project Name
Bon Air Road Bridge Replacement

CIP #: 501-2004-013-412000
Location: Bon Air Road
Category: Roads/Streets
Project Status: current & funding
Estimated Start Date: on-going
Current year funding source id'd: Yes
Project is unfunded/underfunded: No
Funding Sources: HBR Grant
 Bridge Fund

Project Description
 Replacement of existing structurally/seismically deficient bridge and associated road approaches.

Justification
 Current bridge structure is structurally and seismically deficient and needs replacement within the next 1-3 years. Funding is available through Federal Highway Administration.

PROJECT DESIGN/CONSTRUCTION COSTS:	Projected Costs for:					Total Project Costs thru FY2021
	FY2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	
Design/Engineering	\$ 55,177	\$ 421,086	\$ 354,293	\$ 278,788	\$ 40,657	\$ 1,150,000
Improvements	699,545	5,338,636	4,491,818	3,534,545	515,455	14,580,000
Inspection/CM	45,778	349,355	293,940	231,297	33,731	954,100
Other Expenses	8,157	62,247	52,374	41,212	6,010	170,000
Land and/or Building Costs	-	-	-	-	-	-
Contingency	77,727	593,182	499,091	392,727	57,273	1,620,000
Total Design/Construction Costs:	\$ 886,384	\$ 6,764,506	\$ 5,691,516	\$ 4,478,570	\$ 653,125	\$ 18,474,100

FUNDING SOURCES	acct#	FY2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Total Funding thru FY2021
HBR Grant		\$ 784,715	\$ 5,988,617	\$ 5,038,699	\$ 3,964,878	\$ 578,211	\$ 16,355,121
Bridge Fund		101,668	775,889	652,817	513,692	74,913	2,118,979
		-	-	-	-	-	-
		-	-	-	-	-	-
Total Funding:		\$ 886,384	\$ 6,764,506	\$ 5,691,516	\$ 4,478,570	\$ 653,125	\$ 18,474,100

Gap Funding Needed?

Notes:

Approval Mechanism (Reso # & Date)		

Adopted in FY: 20XX-XX
 Last revised on: 6/13/2016
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