TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER        DEPARTMENT: UTILITIES

DATE: JANUARY 20, 2004                                 CMR:120:04

SUBJECT: APPROVAL OF A CONTRACT WITH LEWIS AND TIBBITTS, INC. IN THE AMOUNT OF $1,714,921 FOR INSTALLATION OF THE UTILITY TRENCH AND SUBSTRUCTURE SYSTEM FOR UNDERGROUND UTILITY DISTRICT NO. 38 (HIGH STREET, COWPER AVENUE, OREGON EXPRESSWAY, COLORADO AVENUE)

RECOMMENDATION

Staff recommends that Council:

1. Approve and authorize the Mayor to execute the attached contract with Lewis and Tibbitts, Inc. in the amount of $1,714,921 for installation of the utility trench and substructure system for Underground Utility District No. 38.

2. Authorize the City Manager or his designee to negotiate and execute one or more change orders to the contract with Lewis and Tibbitts, Inc. for related additional but unforeseen work which may develop during the project, the total value of which shall not exceed $170,000.

3. Authorize the Mayor to execute the attached Specific Agreement for Joint Participation Installation of Underground Facilities System between the City of Palo Alto, SBC Communications and Comcast Corporation.

BACKGROUND

At its meeting on February 23, 1998, the Council adopted Ordinance No. 4483 creating Underground Utility District No. 38 for the High Street, Cowper Avenue, Oregon Expressway and Colorado Avenue area. As indicated in CMR: 440:97, this project
involves constructing an underground distribution system in an area which meets both City and SBC guidelines for undergrounding. The new underground system is to be installed in the public right-of-way and constructed in four phases:

Phase I - Substructure installation by the contractor, consisting of trenching and placement of conduits, vaults, boxes and pads in the public right-of-way and in public utility easements.

Phase II - Installation, testing and energizing of new underground distribution cables, switches and transformers.

Phase III - Customer service conversions – all affected property owners will be required to connect to the new underground system.

Phase IV - Removal of all overhead lines and poles.

A notice inviting formal bids for Phases I and II was sent to contractors on November 26, 2002 and bids were received from five qualified contractors on January 7, 2003. Unfortunately SBC refused to sign the Specific Agreement for Joint Participation Installation of Underground Facilities for Underground Utility District No. 38, and requested a new Specific Agreement format. Negotiations with SBC extended beyond 60 days from the January 7 bid opening date with little progress on resolving the Specific Agreement issues. At its meeting on June 9, 2003 the Council voted to reject all bids received on January 7, 2003 as it was not possible to proceed with construction of Underground District No. 38 as bid without a signed Specific Agreement for Joint Participation.

In August 2003 the Specific Agreement issues were resolved, and SBC and Comcast signed the revised Specific Agreement for Underground District No. 38.

**DISCUSSION**

A notice inviting formal bids for proceeding with Phase I was sent to contractors on November 17, 2003. The bidding period was 37 calendar days because of the complexity and magnitude of the project. A mandatory pre-bid meeting was held on December 2, 2003 with ten prospective bidders attending. Bids were received from seven qualified contractors on December 23, 2003 as listed on the attached bid summary (Attachment A). Bids ranged from $1,714,921 to $2,598,240.
Staff has reviewed all bids submitted and recommends that the bid of $1,714,921 submitted by Lewis and Tibbitts, Inc. be accepted and that Lewis and Tibbitts, Inc. be declared the lowest responsible bidder. The bid is 14% below the engineer’s estimate of $2,000,000. The change order amount of $170,000, which is approximately 10% of the total contract, is to cover the cost of additional but unforeseen work which may develop during the project. Staff checked references supplied by the contractor for previous work performed and found no significant complaints. Staff also checked with the Contractor’s State License Board and found that the contractor has an active license on file.

RESOURCE IMPACT

Funds for this project are included in the FY 2003-2004 Electric Capital Improvement Program (CIP 9804) Budget. Based on the low bid, the estimated costs for the City, SBC and Comcast are $943,206, $428,730 and $342,984 respectively.

POLICY IMPLICATIONS

This project supports CPAU Key Strategy number 7 – Implement programs that improve the quality of the environment, and Supporting Objective number 2 – Invest in utility infrastructure to deliver reliable service.

The award of this contract does not represent any change to existing City policies.

ENVIRONMENTAL REVIEW

This project is categorically exempt from the California Environmental Quality Act (CEQA).

ATTACHMENTS

A: Contract
B: Bid Summary
C: Specific Agreement for Joint Participation Installation of Underground Facilities System

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CITY MANAGER APPROVAL:

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