TO:        HONORABLE CITY COUNCIL

FROM:      CITY MANAGER                     DEPARTMENT: UTILITIES

DATE:      JUNE 26, 2006                     CMR:269:06

SUBJECT:   APPROVAL OF A UTILITIES ENTERPRISE FUND CONTRACT WITH
           WILSON CONSTRUCTION CO IN THE AMOUNT OF $854,156 FOR 4
           TO 12KV CONVERSION CAPITAL IMPROVEMENT PROGRAM
           PROJECTS IN VARIOUS AREAS (EL-05020, EL-05021 & EL-05022)

RECOMMENDATION

Staff recommends that Council:

1. Approve and authorize the City Manager to execute the attached contract with Wilson Construction Co. in the amount of $854,156 for the Electric Utility Capital Improvement Program 4kV to 12kV conversion projects of City’s overhead electric distribution system in various areas of the city.

2. Authorize the City Manager or his designee to negotiate and execute one or more change orders to the contract with Wilson Construction Co. for related, additional but unforeseen work which may develop during the project, the total of which shall not exceed $60,000.

DISCUSSION
**Project Description**

This project involves the replacement of aging electric system components with new components that will operate at 12kV. The neighborhoods included in this project have been identified as needing this construction to prevent the increased recurrence of power outages due to aging 4kV equipment. Furthermore, the electric substation equipment supplying this 4kV system is old and approaching the end of its useful life. The Utilities Department is upgrading the 4kV system to a 12kV system gradually as part of the ongoing Capital Improvement Program. The work typically involves changing out the 4kV transformers, fuses, insulators and other line hardware for 12kV operation.

The design of the overhead 4kV lines to 12kV planned for the current fiscal year (shown as area C1, C2 and C3 in the 2005/2006 CIP) has been completed by the City staff in-house and all the materials will be procured by the City. Staff decided to combine the three areas into one contract since the work in each area requires identical labor skills and the combined project scale would make the project attractive to more bidders.

The work to be performed under this contract is for the actual construction work for the 4 to 12kV conversion planned in the fiscal year 2005/2006, and includes supplying of all crew, equipment and managing all field activities in coordination with City’s operations staff. This part of the project is being contracted out because the project workload is beyond the capabilities of City electric line crews who are very busy with other electric distribution construction projects.

**Summary of Bid Process**

<table>
<thead>
<tr>
<th>Bid Name/Number</th>
<th>4-12kV Conversion/IFB-116591</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Length of Project</td>
<td>6 months</td>
</tr>
<tr>
<td>Number of Bids Mailed to Contractors</td>
<td>6</td>
</tr>
<tr>
<td>Number of Bids Mailed to Builder's Exchanges</td>
<td>2</td>
</tr>
<tr>
<td>Total Days to Respond to Bid</td>
<td>35</td>
</tr>
<tr>
<td>Pre-Bid Meeting?</td>
<td>Yes</td>
</tr>
<tr>
<td>Number of Company Attendees at Pre-Bid Meeting</td>
<td>4</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>---</td>
</tr>
<tr>
<td>Number of Bids Received:</td>
<td>3*</td>
</tr>
<tr>
<td>Bid Price Range</td>
<td>From $854,156.15 to $1.86m</td>
</tr>
</tbody>
</table>

*Bid summary provided in Attachment B.

Staff has reviewed all bids submitted and recommends that the bid of $854,156 submitted by Wilson Construction be accepted and that Wilson Construction be declared the lowest responsible bidder. The Wilson bid is 40% percent above the engineer's estimate of $611,685. The high bid is justifiable because of the existing market conditions (the improving Bay Area economy and resulting increased work load for the contractors).

Staff confirmed with the Contractor's State License Board that the contractor has an active license on file. Staff checked references supplied by the contractor for previous work performed and found all to be satisfactory.

**RESOURCE IMPACT**

Funds for 4-12kV capital improvement projects are available in FY2005-2006 Electric Capital Improvement Program (EL-05020, EL-05021 and EL-05022) budget.

**POLICY IMPLICATIONS**

The approval of this contract is consistent with existing City policies, including the Council approved Utilities Strategic Plan Key Strategy No.1, “Operate distribution system in a cost effective manner” and; Strategy No. 2, “Invest in utility infrastructure to deliver reliable service”.

**ENVIRONMENTAL REVIEW**

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

**ATTACHMENTS**

A: Contract

B: Bid Summary
C: Certificate of Non-Discrimination

PREPARED BY:

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Power Engineer

CITY MANAGER APPROVAL:

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EMILY HARRISON
Assistant City Manager