TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER                     DEPARTMENT: UTILITIES
DATE: SEPTEMBER 11, 2006        CMR: 337:06

SUBJECT: APPROVAL OF A UTILITIES ENTERPRISE FUND CONTRACT WITH UNDERGROUND CONSTRUCTION COMPANY, INCORPORATED IN THE AMOUNT OF $1,290,000 FOR THE 2006-2007 UTILITY TRENCH AND SUBSTRUCTURE INSTALLATION.

RECOMMENDATION
Staff recommends that Council:

1. Approve and authorize the Mayor to execute the attached contract with Underground Construction Company, Incorporated for a period of twelve (12) months in the amount of $1,290,000 to provide utility trench and substructure installation services.

2. Authorize the City Manager or his designee the option of renewing the contract for up to two additional twelve month periods at a cost of $1,370,000 for the first renewal (FY 2007/2008) and $1,500,000 for the second renewal (FY 2008/2009) for a total contract price of $4,160,000 provided the contractor is responsive to the contract requirements and the quality of the contractor's work/product is acceptable during the first twelve months of the contract.

Project Description
The Electric Utility establishes an annual contract with a general contractor to provide trenching services and to install electric utility substructure such as conduits, boxes, and vaults. The trenching and substructure is for electric utility customer services, small extensions, replacements to the existing underground electric system, and for the installation of conduits and foundations used for communication, street light, traffic signal, and fiber optic services. Each job is individually quoted, a price agreed upon, and payment made upon completion of work.
The City does not possess the staff resources to provide electric utility substructure and trench services. The work that is being performed under this contract has been contracted for over 13 years. Award of the contract is necessary to complete customer connection requests and Capital Improvement Program (CIP) projects in a timely and cost-effective manner.

**Summary of Bid Process**

<table>
<thead>
<tr>
<th>Bid Name/Number</th>
<th>2006-2007 Utility Trench &amp; Substructure Installation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Length of Project</td>
<td>12 months</td>
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<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>1</td>
</tr>
<tr>
<td>Total Days to Respond to Bid</td>
<td>21</td>
</tr>
<tr>
<td>Pre-Bid Meeting?</td>
<td>No</td>
</tr>
<tr>
<td>Number of Company Attendees at Pre-Bid Meeting</td>
<td>N/A</td>
</tr>
<tr>
<td>Number of Bids Received:</td>
<td>1</td>
</tr>
<tr>
<td>Bid Price Range</td>
<td>$1,290,000 – Single Bid</td>
</tr>
</tbody>
</table>

Only one bid was received. Staff questioned the bidders who did not respond. One reported that it chose not to bid due to the high cost of the bonds that the City required. Another reported that its bid was late and not accepted. The others were too busy to submit bids.

Staff has reviewed the bid submitted and recommends that the bid of $1,290,000 submitted by Underground Construction Company, Incorporated be accepted and that Underground Construction Company, Incorporated be declared the lowest responsible bidder.

The contract amount represents an increase over previous contracts for utility trench and substructure installation. This is because labor rates for this type of work have increased significantly and staff estimates an increased quantity in the trench and substructure scope of work.

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 no significant complaints.

**RESOURCE IMPACT**

Funds for this project are available in the FY 2006-2007 Electric Capital Improvement Program Budget EL 98003 & 89028 - and Distribution Operation and Maintenance Budget. Continued work under this contract for FY 2007/2008 and FY 2008/2009 will be subject to satisfactory performance by the contractor and appropriation of required funds in these fiscal years. This
action has no impact on construction work forces since it is being performed by an outside contractor.

**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 the California Environment Quality Act (CEQA).

**ATTACHMENTS**
A: Contract
B: Bid Summary
C: Certification of Nondiscrimination

**PREPARED BY:** Jim Thompson, Senior Electric Project Engineer

**CITY MANAGER APPROVAL:**
EMILY HARRISON
Assistant City Manager