TO:          HONORABLE CITY COUNCIL

FROM:       CITY MANAGER          DEPARTMENT: PUBLIC WORKS

DATE:       JANUARY 14, 2002          CMR:102:02

SUBJECT:    AWARD OF CONTRACT TO MONTEREY MECHANICAL CO. IN
THE AMOUNT OF $836,000 FOR THE BLOWER SYSTEMS
REPLACEMENT PROJECT FOR THE WATER QUALITY
CONTROL PLANT (WASTEWATER TREATMENT CAPITAL
IMPROVEMENT PROGRAM PROJECT #8021)

RECOMMENDATION
Staff recommends that Council:

1. Approve and authorize the Mayor to execute the attached contract with Monterey
Mechanical Co. in the amount of $836,000 for the Blower Systems Replacement
Project for the Regional Water Quality Control Plant (RWQCP).

2. Authorize the City Manager or his designee to negotiate and execute one or more
change orders to the contract with Monterey Mechanical Co. for related, additional
but unforeseen work which may develop during the project, the total value of
which shall not exceed $83,600.

DISCUSSION
Project Description
The work to be performed under this contract is to replace two existing blower systems at
the RWQCP. This project is part of the RWQCP's planned equipment replacement
program. Under the equipment replacement program, the blowers will be replaced based
on their operating hours and maintenance records. The existing blowers were installed in
1970 to provide air for the biological treatment of the sewage. There are a total of five
blowers, and three are needed for optimal plant operations. Blowers number 1 and 3
have failed and now need to be replaced.

The new systems were designed in accordance with the RWQCP's long-term goals to
minimize energy consumption and to minimize financial impacts on ratepayers. This
project will replace the two existing low efficiency blowers (~50%) with high efficiency
blowers (>80%). The specifications required the bidders to provide life cycle cost data
and awards the project to the bidder offering the lowest life cycle cost. The life cycle
cost includes the capital cost to install the equipment and the energy cost to operate the equipment for a twenty-year life cycle. In addition, the specifications hold the contractor accountable by imposing a stiff fine for non-performance.

**Bid Process**

A notice inviting formal bids for the Blower Systems Replacement Project was sent on November 9, 2001 to five contractors. The bidding period was 32 days. A mandatory pre-bid meeting was held on November 27, 2001. Five bidders attended the meeting. Bids were received from two qualified contractors on December 11, 2001 as listed in the bid summary (Attachment B). One bid was not accepted because it was late. Contractors not responding indicated that they did not submit a bid because of other project commitments.

The proposed life cycle costs ranged from $6,943,472 to $6,956,785, while the bids for the contract work ranged from $836,000 to $849,313. Staff recommends that the life cycle cost of $6,943,472 with the corresponding bid of $836,000 for the contract work be accepted and that Monterey Mechanical Co. be declared the lowest responsible bidder. At $836,000, the bid for the contract work is fifteen percent above staff’s estimate of $725,000. A change order authority in the amount of $83,600 (10% of the total contract) is requested.

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 the Blower Systems Replacement Project have been appropriated under the FY 2001-2002 Wastewater Treatment CIP Project #8021.

**POLICY IMPLICATIONS**

Recommendations of this staff report are consistent with City policies.

**ENVIRONMENTAL REVIEW**

This project is an equipment replacement project and is categorically exempt from California Environmental Quality Act.

**ATTACHMENTS**

Attachment A: Contract
Attachment B: Bid Summary

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