

Agenda Report



MEETING DATE: Tuesday, May 14, 2024

TO: City Council

FROM: PUBLIC WORKS & UTILITIES DIRECTOR LINDBERG

THROUGH: CITY MANAGER MENDEZ

SUBJECT: RESOLUTION REJECTING ALL BIDS FOR THE WWTF
ELECTRICAL SYSTEM HAZARD MITIGATION PROJECT, NO
WW-22-14797

RECOMMENDED ACTION:

Adopt a resolution rejecting all bids for the WWTF Electrical System Hazard Mitigation Project, No. WW-22-14797, as authorized by Watsonville Municipal Code Section 7-14.09(a)(1), and in order to meet the competition requirements for federal and state grant funding received on the project.

BACKGROUND:

The City bid WWTF Electrical Hazard Mitigation, Project No. WW-22-14797 and has received responses.

DISCUSSION:

The City's Local Hazard Mitigation Plan (LHMP) identified the critical components of the Wastewater Treatment Facility's (WWTF) electrical system as highly vulnerable to seismic, flood, and climate-related hazards. Project No. WW-22-14797 will create a resilient electrical system for this critical community infrastructure by relocating and consolidating the WWTF critical electrical facilities away from their current hazard-vulnerable locations into one new Main Electrical Facility.

The City was awarded a grant through the Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant Program and the California Governor's Office of Emergency Services (CalOES) Prepare CA Match program for a total grant award of \$16,912,774, plus an additional \$750,000 for grant management costs.

The engineer's estimate of probable construction cost was \$19,073,000. Sealed bids were received at 250 Main Street on Tuesday, April 30, 2024, at 2:00PM, at which time, only one bid was received, as summarized below:

Contractor	Total Bid	Engineer's Estimate	Difference
Shimmick Construction, Inc.	\$25,997,140	\$19,073,000	\$6.9 million

The project must follow Federal procurement regulations under the Code of Federal Regulations (CFR) Title 2, Part 200 Subpart D, in order to meet the grant funding requirements.

CFR 200.319 requires that competition be ensured by meeting the requirements of 200.319 (b). The WWTF Electrical System Hazard Mitigation Project cost requires the Formal Procurement methods be followed in accordance with CFR Section 200.320 (b). Subsection (1) (i) requires “two or more responsible bidders willing and able to compete effectively for the business”. Accepting the sole bid received would thus likely require the City to forfeit grant funding for the project. Staff thus recommends rejecting the bid and rebidding the project, in an effort to receive competitive bids sufficient to comply with the grant requirements.

STRATEGIC PLAN:

This project supports Strategic Plan Priority:

2-Infrastructure & Environment

FINANCIAL IMPACT:

No financial impact at this time for rejecting bids.

ALTERNATIVE ACTION:

Instead of rejecting the bid, Council could elect to award this project to Shimmick Construction, Inc. This would jeopardize the receipt of the \$17 million federal grant funding due to not meeting the grant-required federal procurement requirements. The Sewer Enterprise Fund does not have sufficient budget to cover the cost of the submitted bid and would require an alternate loan or bonding source.

ATTACHMENTS AND/OR REFERENCES (If any):

None.