

Agenda Report



MEETING DATE: Tuesday, May 28, 2024

TO: City Council

FROM: PUBLIC WORKS & UTILITIES DIRECTOR LINDBERG
PUBLIC WORKS & UTILITIES ASST. DIRECTOR GREEN

SUBJECT: RESOLUTION AUTHORIZING RE-ADVERTISEMENT FOR BIDS
FOR THE WWTF ELECTRICAL SYSTEM HAZARD MITIGATION
PROJECT, NO. WW-22-14797 WITHOUT APPLYING THE
PROJECT LABOR AGREEMENT, PURSUANT TO
WATSONVILLE MUNICIPAL CODE SECTION 7-17.03

RECOMMENDED ACTION:

Adopt a resolution authorizing the re-advertising and call for bids for the WWTF Electrical System Hazard Mitigation Project, No. WW-22-14797, without applying the City's project labor agreement in order to meet the competition requirements for Federal grant funding, pursuant to Watsonville Municipal Code Section 7-17.03.

BACKGROUND:

The WWTF Electrical System Hazard Mitigation Project, No. WW-22-14797 was bid, and the bid rejected by Council on May 14, 2024 (Resolution No. 69-24). Action is required to authorize rebid of the project.

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. The WWTF Electrical System Hazard Mitigation Project ("Project") 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, to be used for construction of the Project.

The engineer's estimate of probable construction cost of the Project was \$19,073,000. The City received sealed bids at 250 Main Street on Tuesday, April 30, 2024 at 2:00PM. 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.

Specifically, 2 CFR 200.319 requires that all projects receiving federal funds must be conducted in a manner providing full and open competition consistent with the standards of Section 200.319 and § 200.320. Section 200.320 (b)(1)(i)(B) requires that "two or more responsible bidders willing and able to compete effectively for the business". Because the City only received one bid for the Project, the responses are not competitive, and do not meet the grant requirements.

City Municipal Code Section 7-17.03, "Application of project labor agreement policy," authorizes the City to enter into a Project Labor Agreement (PLA), and states that it shall apply to all public works construction projects with a projected construction cost of \$600,000 or more "unless the existence of a project labor agreement will jeopardize State, Federal or other public funding sources."

This Project is critical for the City, and the grant funds make the Project possible. The Project involves complex and specialized construction work that is available from only a limited number of contractors and subcontractors. It is Staff's belief that the PLA impacted the number of bidders willing and able to compete for the Project, and that rebidding the Project without the PLA, as authorized by the City's Municipal Code, would result in more potential bidders willing to compete for the project, which may result in a competitive number of bids compliant with State regulations, and permit the City to retain the grant funding.

STRATEGIC PLAN:

This project supports Strategic Plan Priority
2-Infrastructure & Environment

FINANCIAL IMPACT:

No financial impact at this time for authorizing rebid.

ALTERNATIVE ACTION:

Council could elect to authorize rebid with the PLA. It is not anticipated that a different bid result or more bidders would bid on the Project, thereby further jeopardizing the Federal and State grant funding and construction of the Project.

ATTACHMENTS AND/OR REFERENCES (If any):

None.