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DEPARTMENT OF  
UTILITIES  
ENGINEERING SERVICES

CITY OF SACRAMENTO  
CALIFORNIA

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SACRAMENTO, CA  
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November 17, 1995

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City Council  
Sacramento, California

Honorable Members in Session:

**SUBJECT: ETHAN WAY WATER TRANSMISSION MAIN EXTENSION (PN:ZA98):  
REJECTION OF ALL BIDS AND AUTHORIZATION TO ENTER INTO AN  
AGREEMENT WITH MOUNTAIN CASCADE INC. FOR AN AMOUNT  
NOT TO EXCEED \$2,297,984**

**LOCATION AND COUNCIL DISTRICT:**

The Ethan Way Water Transmission Main project is to be constructed in Ethan Way between Enterprise Drive and Alta Arden (District 3).

**RECOMMENDATION:**

This report recommends City Council:

- Reject all bids.
- Authorize the City Manager and City Clerk to enter into an agreement with Mountain Cascade Inc. for an amount not to exceed \$2,297,984.

**CONTACT PERSON:** Candace A. McGahan, Senior Engineer, 433-6617

**FOR COUNCIL MEETING OF:** December 5, 1995

**SUMMARY**

Bids were received from three contractors and opened by the City Clerk on October 25, 1995. The lowest bidder was Mountain Cascade Inc. with the amount of \$2,297,984. However, none of the bidders, including Mountain Cascade, met the City's MBE/WBE goals nor could demonstrate good faith efforts due to insufficient work which can be subcontracted. Staff concurs that insufficient subcontracting work exists to meet MBE/WBE goals, and therefore, recommends Council reject all bids and enter into an agreement with Mountain Cascade, Inc.



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#### **COMMITTEE/COMMISSION ACTION**

None.

#### **BACKGROUND INFORMATION**

This project will construct 6300 feet of the City's planned four and one-half mile Howe Avenue-Ethan Way Water Transmission Main project. This 6300 foot segment will be the second phase of the overall project and is a continuation of the first phase constructed as part of Sacramento County's Howe Avenue Widening project.

Bids were submitted by three (3) contractors, as follows:

•	Mountain Cascade Inc.	\$2,297,984
•	T & S Construction Co. Inc.	\$2,590,800
•	Valley Engineers, Inc.	\$2,649,000

However, none of the bidders met the MBE or WBE participation goals set by the City. In addition, none of the bidders could identify sufficient subcontracting work to meet the MBE/WBE goals, one of the ten required steps to demonstrate good faith efforts. As a result, staff recommends Council reject all bids and authorize staff to enter into an agreement with Mountain Cascade, Inc.

#### **ENVIRONMENTAL DETERMINATION**

On February 12, 1991, Council adopted Resolution No. 91-114 approving a Negative Declaration for the entire four and one-half mile Howe Avenue-Ethan Way Water Transmission Main project. This project was included within the scope of that resolution.

#### **FINANCIAL CONSIDERATIONS**

Funding for construction of this project is available in Water Fund Capital Improvement Program 413-500-ZA98. The unobligated balance of the project was \$3,266,146 as of November 16, 1995. The revised total estimated project cost, including all project administration, easement acquisition, design, construction, inspection, and related costs is \$3,008,700.

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## **POLICY CONSIDERATIONS**

This action is consistent with Title 58 of the City Code concerning requirements for public projects and Resolution Number 93-619 relating to MBE/WBE participation goals and policies adopted by the City Council on November 2, 1993. Specifically, City Code 58.04.401(c) provides that the award of contracts by competitive bidding is not required after all bids are rejected.

### **MBE/WBE**

None of the bidders met the City's MBE/WBE goals of 10.57 and 9.5 percent, respectively. The MBE/WBE participation they did achieve is as follows:

- |                              |                           |
|------------------------------|---------------------------|
| • Mountain Cascade, Inc      | 8.61 % MBE and 1.01 % WBE |
| • T & S Construction Co, Inc | 8.91 % MBE and 0.12 % WBE |
| • Valley Engineers, Inc      | 0.98 % MBE and 2.22 % WBE |

Staff has reviewed the good faith effort documentation submitted by each of the three bidders. All the bidders failed to identify elements of the work which, if subcontracted, would be of sufficient dollar value to meet the MBE/WBE goals as required by step two of the ten actions necessary to demonstrate a good faith effort under Section 58.08.802 of the City Code. For this reason, staff recommends the rejection of all bids for failure to meet the City's MBE/WBE requirements.

However, staff also believes that reasonable subcontracting, trucking, and material supply opportunities sufficient to meet the City's 10.57 percent MBE and 9.5 percent WBE participation goals may not have been available due to the nature of this project. In the opinion of staff, the elements of work identified and selected for subcontracting by the low bidder, Mountain Cascade, and second low bidder, T & S Construction, may have been all that reasonably could be expected for this project.

The low bidder, Mountain Cascade Inc., had the highest MBE/WBE participation and did make a reasonable attempt to fulfill the requirements of Title 58 of the Sacramento City Code relating to public projects and MBE/WBE participation. Staff recommends that, following the rejection of all bids, the City Council authorize the City Manager and City Clerk to enter into an agreement with Mountain Cascade Inc. for an amount not to exceed the bid price of \$2,297,984. The overall MBE/WBE participation in Department of Utilities' construction contracts for the first quarter of FY 95/96, with this project included, is 11.59% and 12.94% for minority and women owned enterprises, respectively.

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The low bidder, Mountain Cascade Inc., has agreed to meet the following criteria in their agreement with the City:

- Perform all work in accordance with the plans and specifications for the Ethan Way Water Transmission Main Extension at the bid prices submitted on October 25, 1995
- Use, at the minimum, the MBE/WBE subcontractor participation submitted with the bid.

Respectfully submitted,



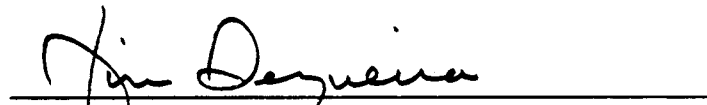
Gary A. Reents  
Engineering Services Manager

RECOMMENDATION APPROVED:



WILLIAM H. EDGAR  
City Manager

APPROVED



JAMES G. SEQUEIRA  
Director of Utilities

# RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF \_\_\_\_\_

RESOLUTION REJECTING ALL BIDS AND AUTHORIZING THE CITY MANAGER AND CITY CLERK TO ENTER INTO AN AGREEMENT WITH MOUNTAIN CASCADE INC. FOR AN AMOUNT NOT TO EXCEED \$2,297,984 FOR THE ETHAN WAY WATER TRANSMISSION MAIN EXTENSION PROJECT (PN: ZA98)

BE IT RESOLVED BY THE SACRAMENTO CITY COUNCIL THAT:

1. All bids are hereby rejected.
2. The City Clerk is hereby authorized to enter into an agreement with Mountain Cascade Inc. for an amount not to exceed \$2,297,984 for the Ethan Way Water Transmission Main Extension (PN: ZA98).

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

\_\_\_\_\_  
FOR CITY CLERK USE ONLY

RESOLUTION NO. \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_