

# **STAFF REPORT**

## *City Council Business Item*

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**DATE:** February 6, 2023

**TO:** Honorable Mayor and Council Members

**FROM:** Brendan Byrd, Director of Public Works/City Engineer

**THROUGH:** Merritt Perry, City Manager

**SUBJECT:** **Authorization to Award a Construction Contract for the Corporation Yard Emergency Generator Project (CIP 9114) to Hooven and Reese Inc., Establish a Maximum Contract Amount of \$90,000, and the Approval of a Supplemental Budget Request.**

### **STAFF RECOMMENDATION:**

Authorize the City Manager to award the Corporation Yard Emergency Generator Project (CIP 9114) to Hooven and Reese Inc., establish a maximum contract amount of \$90,000, and approve a Supplemental Budget Request.

### **EXECUTIVE SUMMARY:**

The City's Public Works operations are essential services for the community, and as such, most of the City's facilities are equipped with emergency backup power generators. However, one major exception is the City's corporation yard at 190 Dinsmore Drive (Corp Yard), which houses the City's Streets and Utilities Divisions, and the mechanic shop. During power outages staff cannot work on City vehicles, charge tools, or reasonably work indoors in areas with low or limited natural lighting. When outages persist for longer periods of time, such as was recently experienced with the earthquakes, this can result in a significant amount of lost productivity.

Recognizing the need to have emergency backup power at the Corp Yard, staff included enterprise funds to procure and install a generator in the Fiscal Year 2021-22 budget. However, prior to moving forward with that project in that budget year, staff identified a community infrastructure grant program through the United States Department of Agriculture (USDA) that could be used to offset a significant portion of the project cost (55%). Staff applied for the grant in early 2022, and were notified of grant award later in the same year, after the adoption of the 2022-23 budget.

With the USDA funding secured, the Corporation Yard Emergency Generator Project bid package was released and publically advertised on November 28, 2022. Work in the bid package includes a new natural gas generator, a structural concrete pad, and an automatic transfer switch so that the generator will come on automatically when an outage is experienced, The bid period ended on January 5, 2023, at which time the City received two bids. The bid totals are shown in the table below:

Bid Schedule	Bidder	
	Hooven and Reese Inc.	James Day Construction
Total Base Bid	\$80,000	\$119,256

The apparent low bid was submitted by Hooven and Reese Inc. with a total bid price of \$80,000, which is within the cost estimate developed by staff during the project planning phase. City staff have confirmed that the bid received from Hooven and Reese Inc. was fully responsive and that they and their sub-contractors have active licenses and registrations. Staff recommend awarding the contract to Hooven and Reese Inc.

If the project is awarded, staff anticipate being under contract in March, at which time the contractor would immediately order the generator due to long ordering lead times. Mobilization and construction is anticipated to begin sometime later this year, and will likely depend on the exact lead time for the generator. The draft Notice of Potential Award is included as Attachment A.

**FINANCIAL IMPACT:**

This project is funded in part through the USDA, which provides funding to develop essential community facilities in rural areas through a grant program. The grant requires a 45% local match, and staff propose to use water and sewer reserve funding for the match requirement. See the table below for a breakdown of project funding.

Funding Source	USDA Rural Development Grant Funding	City Matching and Contingency Funds, Water and Collections Capital Reserve	Total Funding
City Fund Number	500	500 & 550	-
Funding Amount	\$44,000	\$46,000	\$90,000

As shown above, staff is proposing to allocate \$90,000 in total for the project. This would include the \$44,000 in USDA grant funding, \$36,000 of combined water and sewer capital reserve funding acting as the City’s 45% grant match, and an additional \$10,000 of City funding that would serve as the construction contingency for the project. The contingency would cover any unforeseen costs that arise during the project.

Due to the City pursuing grant funding for this project in early 2022, and the award being uncertain, staff did not include any funding for this project in the 2022-23 budget. As such, in addition to staff seeking approval from the Council to award the contract, staff is seeking Council’s approval of a supplemental budget request to fund the project costs as noted above. The supplemental budget request has been included below in Attachment B.

**RECOMMENDED COUNCIL ACTION:**

1. Receive staff presentation and review Council questions with staff
2. Open Public Comment
3. Close Public Comment
4. Motion to Authorize the City Manager to award the Corporation Yard Emergency Generator Project (CIP 9114) to Hooven and Reese Inc., establish a maximum contract amount of \$90,000, and approve a supplemental budget request.

**ATTACHMENTS:**

- Draft Notice of Potential Award
- Supplemental Budget Request

Attachment

February 7, 2023

Sent via E-mail

Hooven and Reese Inc.  
3445 Central Ave.  
Mckinleyville, CA 95519

Re: **NOTICE OF POTENTIAL AWARD**  
Corp Yard Emergency Generator Project

Dear Nick Reese:

I am pleased to inform you of the intent to recommend that the City Council or its authorized designee award the Contract for the above-referenced Project (“Project”) to Hooven and Reese Inc. (“Contractor”) for the Contract Price of \$80,000.00 based on Contractor’s Bid Proposal submitted on January 5<sup>th</sup>, 2023.

A copy of the Contract accompanies this Notice. Contractor must execute 2 copies of the enclosed Contract and return the wet-inked copies to my attention, accompanied by the required Payment Bond, Performance Bond, and insurance certificates and endorsements, no later than ten days from the date of this Notice of Potential Award, above.

Failure to execute and return the enclosed Contract and required bonds and insurance documentation within the specified time could result in forfeiture of Contractor’s bid security. This Notice of Potential Award does not bind the City to award the Contract. The City, acting through its City Council or authorized designee, reserves the right to reject any or all bids, and the right to decline to award the Contract, notwithstanding any staff recommendation.

Please acknowledge receipt of this Notice of Potential Award by signing the attached Acknowledgement of Notice of Potential Award, as indicated, and transmitting the Acknowledgement to my office via email at [bgray@ci.fortuna.ca.us](mailto:bgray@ci.fortuna.ca.us). Do not hesitate to contact me if you have any questions in this regard.

Sincerely,

Buffy Gray  
Deputy City Clerk

Enclosure

## Acknowledgement of Notice of Potential Award

On behalf of < \_\_\_\_\_ > (“Contractor”), I acknowledge receipt of the Notice of Potential Award for the Corp Yard Emergency Generator Project:

s/ \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_