

STAFF REPORT

City Council Business Item

DATE: May 1, 2023

TO: Honorable Mayor and Council Members

FROM: Brendan Byrd, Public Works Director/City Engineer

THROUGH: Merritt Perry, City Manager

SUBJECT: **Authorization to Award a Construction Contract for the 12th Street Integrated Stormwater Project (CIP 9101) to RAO Construction and Establish a Maximum Contract Amount of \$1,030,000**

STAFF RECOMMENDATION:

Authorize the City Manager to award the 12th Street Integrated Stormwater Project (CIP 9969) and establish a maximum contract amount of \$1,030,000.

EXECUTIVE SUMMARY:

Over the past several years staff have been working on the 12th Street Integrated Stormwater Project (Project). The project initially came into existence when the City was contacted by representatives from the state regarding the City’s interest in receiving a technical assistance grant to develop a full grant application for a stormwater project under California Water Bond Proposition 1 (Prop 1). As the City had a demonstrated need to extend the underground stormdrain system north along 12th Street and plan for future MS-4 compliance measures in the area, staff accepted the grant opportunity and proceeded to develop a project focused on 12th Street drainage improvements. Ultimately, the technical assistance grant was successful, and in 2021 the City was notified that full Prop 1 funding for engineering design construction was awarded to the project.

The final design and project bid package was completed in early 2023. The final project includes installing new storm drain pipe and raingardens in various locations along 12th Street in between K Street and Loni Drive. Additionally, a large raingarden feature would be installed along the southern boundary of the High School parking area, and staff have been working collaboratively with FUHS staff to plan for its construction and maintenance. Within each raingarden would be a new overflow drainage inlet, allowing each features to fill to capacity and then overflow excess runoff into the underground system. Raingardens would be vegetated with an assortment of native grasses, shrubs, and trees. Raingardens located at intersections would also serve as ‘bulb-out’ crosswalks near the high school, shortening pedestrian crossing distances and enhancing the overall safety of the area.

The 12th Street bid package was released and publically advertised on February 16, 2023. The bid period ended on March 16th, at which time the City received four bids. The bid totals including base and alternate bid items are shown in the table below, and the total bid amount (including alternates) was the basis for awarding the project.

Bid Schedule	Bidders			
	RAO Construction	Mercer Fraser Company	Hooven and Company	GR Sundberg
Total Base Bid	\$901,870	\$1,011,455	\$1,167,485	\$991,571
Total Alternate 1	\$32,425	\$40,755	\$88,900	\$31,533
Total Alternate 2	\$180,250	\$154,650	\$459,030	\$160,179
Total Base & Alternates	\$1,114,545	\$1,206,860	\$1,715,415	\$1,183,283

The apparent low bid was submitted by RAO construction with a total bid price of \$1,114,545 (including the bid alternates). City staff have confirmed that the bid received from RAO Construction was responsive and that they and their sub-contractors have the necessary licenses and registrations. RAO has successfully completed a number of projects throughout the City in recent years, including the Walker Elementary Sate Routes to School project, and portions of the Jameson Creek and Rohnerville Road project, and staff are confident that they can successfully complete all portions of this project.

Although staff felt that the City received competitive bids, due to the excessive inflation over the past several years, all bids came in over the established construction budget. After the bid opening, staff reached out to the Prop 1 grant manager to inform them of the funding shortfall, and they indicated that additional funding was available for request. Any additional funding could only cover the cost to award the project as bid (no construction contingencies), therefore, staff immediately made a formal funding request to add budget to the project which would allow the City to award the project base bid, in addition to bid alternate 1. Bid alternate 2, which would have included additional stormdrain pipe on the west side of 12th Street, was determined during the bid period to be infeasible, and therefore was removed from consideration in the funding augmentation request. In early April, the City was informed that the additional funding request was approved (see Attachment 1), and staff recommends awarding the contract to RAO Construction.

If the project is awarded, staff anticipate being under contract by mid-May. Mobilization and construction is anticipated to begin in late May or early June, and staff are hopeful that a significant portion of the project can be completed during high school summer break. The draft Notice of Potential Award is included as Attachment A.

FINANCIAL IMPACT:

As noted above, the project is principally funded by a Prop 1 grant through the State Water Resources Control Board, awarded in 2021. The overall grant required a 10% local match, which staff budgeted using successive years of Measure E requests. The total available construction budget, including the supplemental funding and local match for the construction phase, is shown in the table below.

Fund	Budget Amount
Fund 352 – Original Prop 1 Grant	\$854,700
Fund 101- Measure E Local Match	\$7,959
Fund 352 – Supplemental Prop 1 Funding	\$71,636
Total Construction Budget	\$934,295

As shown above, the project construction funding matches the bid totals for the Base Bid and Bid Alternate 1. Recognizing that most projects do require a construction contingency beyond the contract bid amount, staff propose to use \$95,000 of city stormdrain funds for a construction contingency if needed. The stormdrain maintenance fund currently has a fund balance of approximately \$265,000. Regarding the use of contingency funds, the state has indicated that if excess funds are still available during construction and contingency funds are required, the City could make an additional funding request to recover local funds, which if awarded would be reimbursed at 90%.

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 12th Street Stormwater Enhancement Project (CIP 9101) to RAO Construction and establish a maximum contract amount of \$1,030,000. Voice vote.

ATTACHMENTS:

- Attachment 1 – Additional Funds Approval Letter from State Water Board
- Attachment 2 – Draft Notice of Potential Award

Attachment 2

Sent via _____
May 2, 2023
Rick Olsen
RAO Construction
PO Box 28
Eureka, CA 95501
Raoconstruction17@gmail.com

Re: **NOTICE OF POTENTIAL AWARD**
12th Street Integrated Stormwater Project

Dear Mr. Thomsen

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 RAO Construction ("Contractor") for the Contract Price of \$934,295, based on Contractor's Bid Proposal submitted on March 16, 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; 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 12th Street Integrated Stormwater Project:

s/ _____

Name: _____

Title: _____

Date: _____