

COUNCIL ACTION FORM

SUBJECT: REPORT OF BIDS AND AWARD OF CONTRACT FOR ELECTRIC SERVICES GRAND AVENUE EXTENSION POWER LINE RELOCATION PROJECT

BACKGROUND:

This project is to relocate an electric distribution line in order to accommodate the extension of Grand Avenue to the south. The Engineer's estimate for the project is \$185,000. The estimated cost of the work included in this contract was \$105,000.00. Only the labor to relocate the line is being bid. Miscellaneous materials for the work will be taken from regular Electric Distribution inventory at an estimated cost of \$80,000, and charged to the appropriate Distribution account.

This project was not anticipated at the time that the 2007/2008 Electric Capital Improvements Plan (CIP) was prepared. However, the FY 2007/2008 CIP includes \$290,000 for the purchase of 69kV breakers for the Ontario substation. The Electrical Engineering Manager has determined that \$240,000 of this project can be delayed. The CIP will be revised at the appropriate time to show \$50,000 in the FY 2007/2008 Ontario Substation CIP and \$240,000 transferred to this pole relocation project. **It should be understood that the complete breaker project will need to be accomplished, and the balance of that project will then be re-scheduled and re-prioritized as the 2008-2013 CIP is prepared.**

On October 10, 2007, one bid was received from Michels Power, Neenah, WI, in the amount of \$154,500. The consulting engineer from P & E Engineering Company has reviewed the bid and found it to be acceptable. The bid amount for the project is 48% over estimate. The consulting engineer contacted all parties receiving bids to ascertain the reason for the discrepancy. All the contracting firms contacted cited the same reasons for not bidding, including huge work loads and shortages of qualified labor. Michels Power cited large work loads as well, but also stated that new labor agreements have come into effect and as with many of the other firms, it is required to pay per diem rates for labor, which is increasing the overall costs. Other potential contractors also confirmed that the bid received from Michels Power would have been lower than their bids. For these reasons, it is the opinion of the consulting engineer that the costs accurately reflect the current market conditions, and re-bidding would not favorably affect the cost, unless the scope of work or the schedule of the project were changed. This project is schedule sensitive and tied to the Public Works road project which is underway.

Upon City Council approval, this work would begin between November and December 2007. The anticipated time frame for completion is December 31, 2007.

ALTERNATIVES:

1. Award a contract to Michels Power, Neenah, WI, for the Electric Services Department Power Line Relocation - Grand Avenue Extension Project, in the amount of \$154,500.
2. Reject the bid and delay the project at this time.

MANAGER'S RECOMMENDED ACTION:

This project is necessary to complete the Grand Avenue Road Extension project. It appears that even though the bid is much higher than the original estimate for the work, there would be no advantage to the re-bidding of this project without a redesign of the work or a delay in the timing. Neither of these options will allow for Public Works to proceed with the Grand Avenue extension as planned.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, awarding a contract to Michels Power, Neenah, WI, for the Electric Services Department Power Line Relocation - Grand Avenue Extension Project, in the amount of \$154,500.