

City of Hesperia

STAFF REPORT



DATE: November 6, 2018

TO: Mayor and Council Members

FROM: Nils Bentsen, City Manager

BY: Michael Blay, Assistant City Manager
David Burkett, Project Construction Manager

SUBJECT: Rescind Award of Contract, Reject all Bids, and Re-bid Repaint City Hall Decorative Tube Steel

RECOMMENDED ACTION

It is recommended that the City Council rescind the award of a contract for the Repaint City Hall Decorative Tube Steel project to the lowest responsive/responsible bidder, Next Generation Painting, Inc., reject all bids received, and re-bid the project.

BACKGROUND

It has been approximately twelve years since Hesperia's City Hall completed construction. As a part of the design for the City Hall building, non-structural steel tubing was installed to enhance the exterior elevations of the building. The steel tubing was painted on site after installation and it appears that some of the work may have been substandard. There are various spots where the paint has begun to peel, most notably on the east side of City Hall near the main entrance. Unfortunately, the warranty period expired some time ago and it has become necessary to repaint the steel tubing before permanent damage to the underlying steel begins.

ISSUES/ANALYSIS

This project was advertised for bids beginning on August 16, 2018, and various contractors were notified about the project. Bids were received, opened, and publicly read on September 11, 2018.

After review of the submitted bids, staff had determined that Next Generation Painting, Inc. (NGP) was the lowest responsive/responsible bidder. Therefore, staff recommended that the City Council award a contract to NGP for the proposed work at its October 2, 2018 meeting.

Subsequent to the award of contract, staff prepared contract documents to be sent out to the contractor for signature. However, on October 3, 2018, NGP notified the City that they would not be signing the contract and refused to provide a reason. Staff was able to secure a cashier's check from NGP in the amount of \$4,700 (representing 10% of NGP's bid amount).

Under this circumstance, staff would normally return to Council for award of bid to the second lowest bidder, utilizing the \$4,700 to support the increase in costs between the lowest bidder and the second lowest bidder, but the second lowest bidder was deemed non-responsive by staff as they failed to provide the requisite original bid bond as specified in the Instructions to Bidders. In addition, the second lowest bidder began to make unreasonable demands on the City that were in conflict with the project's specifications.

The next logical step would be to award the contract to the third lowest bidder. However, that would represent an increase of \$26,900 (or a 57% increase) over the bid submitted by the lowest bidder. Since the second lowest bidder did not submit an original bid bond and the City is unable to file a claim against the non-existent bid bond, staff believes the additional costs to be unreasonable. Therefore, staff is recommending that the Council rescind the award of a contract to the lowest responsive/responsible bidder, reject all bids received, and direct staff to publicly re-bid the project.

FISCAL IMPACT

The Fiscal Year 2018-19 Budget includes \$30,000 for the Repaint City Hall Decorative Tube Steel.

ALTERNATIVE(S)

1. Provide alternative direction to staff

ATTACHMENT(S)

1. None