



AGENDA ITEM

Public Utilities Commission

City and County of San Francisco



DEPARTMENT Infrastructure AGENDA NO. _____
MEETING DATE December 9, 2008

Consent Calendar Agenda Item
Project Manager: Wendy Iwata

Contract No. HH-936, Reject Bid & Award Job Order Contract, General Construction (B-License), With Major Electrical Work, Hetch Hetchy Region

Recommendation: Reject the sole bid from System 3 Inc. for HH-936 Job Order Contract, General Construction (B-License), with major electrical work, Hetch Hetchy Region at the Award Criteria Figure (ACF) of 3.08; approve the revised bid of System 3 Inc. for an ACF of 1.50, and award this contract in the amount of \$2,000,000 to the lowest, qualified, responsible and responsive bidder, System 3 Inc.

Description: Contract work locations are at Hetch Hetchy facilities throughout Alameda, San Joaquin, Stanislaus and Tuolumne counties. The contract work consists of installation of governors and exciters for Pelton units at the powerhouses. The majority of the work is electrical and mechanical in nature. The prime bidder must have performed work on at least three governor retrofits for hydraulic units, and have specifically installed a digital governor retrofit on a 6-needle Pelton unit which is operational. Additionally, the prime bidder must have at least three years experience in controls installation on similar types of projects.

Contract Cost: Award: \$2,000,000
An option to add 50% of contract value (another \$1,000,000) may be approved by the Commission at a later date.

Funding: Hetch Hetchy Power Infrastructure Funds

Schedule: Task Order NTP: February 2009
End: January 2011
Duration: Twenty-four (24) consecutive months; an additional one-year option period may be approved by the Commission at a later date.

Liquidated damages: To be determined in individual Task Orders.

MBE/WBE goals: Set: 15% LBE
Submitted: 15% LBE

Bid History:

Advertised: July 22, 2008

Bid Received: August 28, 2008

Only one bid was received, which was rejected due to the high ACF of 3.08. The bid with System 3 Inc. was negotiated and revised to an ACF of 1.50.

Context:

According to Section 6.23.C.2 of Chapter 6 in the Administrative Code, if only one responsive bid is received and it exceeds the (engineer's) estimate, the department must determine: a) whether further outreach would result in more than one bid and/or b) whether removal or modification of certain requirements in the contract would result in more than one bid. If neither a) or b) would result in more than one bid, then with the approval of the Commission, staff may negotiate with the sole bidder. PUC staff determined that additional outreach would not likely result in more bidders as contact was already made to every known contractor meeting the Minimum Qualifications prior to the bid. As to changing contract requirements, after consulting with Hetch Hetchy staff and JOC consultants, neither of them could think of making any modification or removal of contract language that would increase the number of bidders. Since neither additional outreach nor modification of contract documents would likely produce more bidders, staff felt confident that a serious negotiation with the qualified sole bidder would result in a better rate to satisfy both parties. Staff attributes the initial high rate received to contractor misunderstanding as System 3 had no previous experience bidding on JOC contracts. After meetings with Hetch Hetchy staff, the JOC team and the contractor, System 3 Inc. revised their ACF from 3.08 to 1.50.

The City Attorney was consulted in this matter and indicated that it is acceptable to reject the original bid, negotiate a revised bid and award this contract to System 3 Inc. with one Commission contract action.

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 08-0214

WHEREAS, Contract No. HH-936 Job Order Contract, General Construction (B-License), with major electrical work in Hetch Hetchy Region was advertised on July 22, 2008; and

WHEREAS, The amount for this construction Job Order Contract is \$2,000,000; and

WHEREAS, The contract duration is two (2) consecutive calendar years; and

WHEREAS, The Commission authorizes award of this job order contract for work to be performed under future task orders which will identify the scope of work, cost and duration of various discrete construction activities. No task order will be issued for construction requiring environmental review, excluding those eligible for statutory or categorical exemptions, until the Commission has been given the opportunity to review the environmental document and take action if deemed appropriate. The work under this job order contract has been competitively bid per unit price and this contractor is the lowest responsible, responsive bidder for the work under these subsequent task orders; and

WHEREAS, One (1) sole bid was received and opened publicly on August 28, 2008; staff rejected the initial Award Criteria Figure (ACF) of 3.08 and negotiated a new ACF of 1.50;

WHEREAS, Funds will be available from Hetch Hetchy funds when Task Orders are issued;

WHEREAS, SFPUC staff and HRC review of the bids for qualifications, responsibility, responsiveness and application of bid preferences resulted in the establishment of System 3 Inc. as the lowest, qualified, responsible and responsive bidder; and

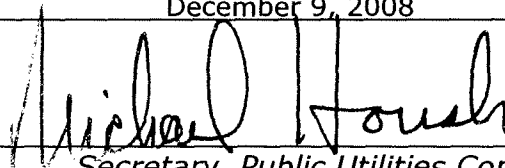
WHEREAS, An HRC subcontracting goal of 15% LBE participation has been established and approved for this contract by the HRC Contract Compliance Officer assigned to the SFPUC. System 3 Inc. is committed to meet the LBE goal submitted in its bid; and

WHEREAS, The firm being awarded a contract by the SFPUC must be in compliance with the Equal Benefits Provisions of Chapter 12B of the City's Administrative Code either at the time of the award, or within 2 weeks of the date of the Commission award; failure of the bidder to obtain compliance certification from HRC may result in award of the contract to the next lowest, responsible and responsive bidder, or re-bidding of the contract at the discretion of the City; and now, therefore, be it

RESOLVED, That this Commission hereby rejects the sole bid of System 3 Inc. for HH-936 Job Order Contract, General Construction (B-License), With Major Electrical Work, Hetch Hetchy Region, approves the revised bid of System 3 Inc. with an ACF of 1.50 and awards this contract in the amount of \$2,000,000 to the lowest, qualified, responsible and responsive bidder, System 3 Inc.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of _____

December 9, 2008

Handwritten signature of Michael Housh in black ink, written over a horizontal line.

Secretary, Public Utilities Commission



Gavin Newsom
Mayor

Contract Compliance
Dispute Resolution/Fair Housing
Small and Micro Business Enterprise
Lesbian Gay Bisexual Transgender & HIV Discrimination

Chris Iglesias
Executive Director

MEMORANDUM

Date: November 13, 2008
 To: Wendy Iwata, Project Manager, PUC
 From: James Soncuya, Contract Compliance Officer, HRC
 Subject: HH-936, Job Order Contract, (B-license) with Major Electrical Work, Hetch Hetchy Region

HRC has reviewed the bids, the application of the appropriate discounts/bonuses, and determined responsiveness to Chapter 14B award requirements.

Bid Discount

The sole bidder was not eligible for a bid discount.

Bids

One bidder submitted a bid as follows:

Bidder	Status	Calculated ACF	Adjusted ACF
System 3 Inc.	Non-LBE	3.08	3.08

The PUC rejected the bid due to the ACF. Subsequently, the PUC and System 3 Inc. agreed on an alternate ACF as follows:

Bidder	Status	Calculated ACF	Adjusted ACF
System 3 Inc.	Non-LBE	1.5	1.5



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System 3 Inc. met the 15% LBE subcontracting goal by listing the following LBE firms:

Subcontractor	Status	Participation
Empire Engineering & Construction Inc.	LBE	10%
Tom's Metal Specialists	LBE	5%
TOTAL		15.00%

Based on the foregoing, HRC has determined that System 3 Inc. has complied with pre-award HRC 14B requirements and is eligible for award of this contract.

Should you have any questions, or if I can be of any further assistance, please do not hesitate to contact me at 554-3106.