



CITY COUNCIL COMMUNICATION

TO: Mayor and Council
FROM: Dan Braatz, Electric Division Manager
SUBJECT: Downtown Upgrade – Award Construction Contract
DATE: Monday, November 9, 2020 at 6:00 p.m.

Purpose and Recommended Action:

To approve a construction contract to Gila Cut-Out Construction for the Downtown Upgrade Project (Project No. 69-733, CIP No. EL1901).

Background:

This project will replace and upgrade a 60+ year old system with multiple sized wire from 8th Avenue to Central on the north and south side of Main Street. The project consists of a complete rebuild of 0.67 miles of 12.47/7.2kV overhead distribution line and poles.

City staff advertised the project and solicited bidders in accordance with A.R.S. Formal Bidding Procedures. A Notice for Invitation to Bids was published in the local newspaper. A mandatory pre-bid conference was held on September 10, 2020 and was attended by three (3) prospective bidders.

On October 1, 2020, the City Clerk received three (3) bids that were publicly read with the following results:

<u>Company</u>	<u>Bid Amount</u>
H&H Contracting	\$231,382.24
Gila Cut-Out Construction	\$391,855.00
EW Parker Enterprises, LLC	\$528,940.90
Engineers Estimate	\$404,500.00
FY 2021 Budget	\$550,000.00

Analysis:

Staff and T&D Services, our Electrical Engineer, has reviewed the bid documents for completeness and accuracy. Staff and T&D has found that Gila Cut-Out Construction is the lowest responsive bidder and is qualified to complete the work, as specified for this project.

H&H Contracting was the low bidder for the project, however, the City and T&D Services do not have any past experience with H&H Contracting. During the vetting process T&D Services contacted references listed under Previous Experience with Similar Projects on their Qualifications Statement and was unable to confirm powerline work was completed by H&H. The projects H&H listed pertained to trenching, potholing, and conduit installation. This was discussed with H&H and was not disputed by them.

Due to the complexity and location of this project and the fact that we were unable to confirm with their references that they have completed any projects consisting of this type of work, we recommend awarding the construction contract to the second lowest bidder, Gila Cut-Out Construction.

Work is anticipated to begin on or around January 25, 2020 and the established timeline for completion is 120 days.

Budget Recap:

FY 2021 Budget	\$550,000
Total Construction Contract	\$391,855
Other Project Expenses	
Contingencies	39,186
Construction Management	36,337
Other Project Expenses Total	\$75,523
PROJECT TOTAL	\$467,378
Balance	\$82,622



October 28, 2020

Hilary Cuenin – Project Management Assistant
City of Safford, Engineering Dept.
405 W. Discovery Park Blvd
Safford, AZ 85546

Re: Downtown Upgrade

Dear Hilary:

I have reviewed the bids you sent from the bid opening held on October 1st, 2020 for the referenced project. There were three contractors who attended the pre-bid meeting and were eligible to bid, and all three submitted proposals. I have checked all the numbers in the bids and did find some math mistakes that had to be corrected, but none of them change the ranking of the bids. After corrections the final bid results are:

H&H Contracting	\$231,382.24
Gila Cut-Out Construction	\$391,855.00
EW Parker	\$528,940.90

The most significant correction was to the H&H numbers. They had not added in the material cost of the Owner Furnished steel poles to their total as did the other contractors. Once I added this in, and corrected a few other minor math errors, their bid came to the above figure. Minor math corrections were also needed with both the other bids, so all the numbers differ from what you recorded at the bid opening. I can provide all the corrections I made if necessary.

Recall that the Engineer's Opinion of Probable cost I had provided you prior to the opening was \$404,500. The low bid is significantly under this figure, which you have mentioned causes you concern, as it does me. The concern is whether or not H&H will be able to perform and complete the job for this low amount without requesting a significant change order(s). Having completed four similar projects over the last several years for COS, you and I both have a pretty good idea of what it should cost. Both of the other bidders have completed these jobs within or very close to budget. Gila Cut-Out in particular has done three of them, and I have always found them to be very competitive for COS as well as for other cooperatives we have as clients and for whom they have bid projects.

I did talk by phone to John Henderson of H&H regarding his low number, and he said that upon initially hearing the results he was also somewhat concerned, but after reflection he thinks he can complete the work for that price. I did confirm that he understands that the work must be completed with the lines energized.

Not having worked with H&H before, I am unsure of the quality of their work. In their Qualifications Statement with their bid they did list six other projects they have completed but gave no points of contact. Three of the jobs are low voltage work or of unspecified nature. I requested of them contact information for the other three jobs which showed high voltage powerline work.

I called the contacts they gave me, and obtained the following information from them:

10/19/2020 – John Hoefel of Golden Vortex (Northern Vertex?) - He referred me to Joel Murphy, who said that he was involved in the project where powerlines were constructed for their Moss Mine and that H&H was involved but that they did not actually do the powerline construction. He said they acted more like a “broker” and sub contracted the line work out to Mesa Line. He said the work was satisfactory, and that it was not awarded through competitive bidding.

10/19/2020 – Matt Patterson of Sturgeon Electric- Confirmed that H&H had been involved in a powerline project for APS under Sturgeon, but that they only did trenching, boring and conduit installation. Sturgeon constructed the powerline themselves. He did say they did good work and were happy to get them back for a second stint.

10/20/2020 – Jerry Hardy of Mohave Electric – This seems to be the same work as done at the Moss Mine above. He told me that H&H did not have a contract with Mohave, but rather with the mine. The work was on a mine powerline which Mohave was going to maintain after it was built by the mine. He said the work was satisfactory, but corroborated that H&H sub-contracted the line work out.

Finally, I talked once again with John Henderson of H&H on 10/27/2020 and told him of the concerns with the low price and that I was unable to confirm powerline work actually completed by H&H. He did not dispute anything I had heard, but says he himself has been building powerlines for many years. He says the projects listed were under H&H and were subcontracted, but now he is trying to get his own line crews going on projects to establish themselves with a good reputation. His bidder’s qualification states that H&H was established in March of 2018.

In light of all this, being unable to get a comfortable feeling about the ability of H&H to perform well for such a low price, I am reluctant to recommend that COS accept the offer from H&H despite them being low bidder. My preference is to recommend that COS accept the offer from Gila Cut-Out for \$391,855.00. Having completed three previous projects, we know their capabilities, and their price is close to (but below) the estimate of what we expected it would cost to complete this job.

Let me know your thoughts on this and what COS decides and I will proceed accordingly.

Sincerely,

Tim McLellan, P.E.