



STAFF REPORT

11/12/2024

AGENDA ITEM

**TO: HONORABLE MAYOR
AND MEMBERS OF THE CITY COUNCIL**

**FROM: CARLO TOMAINO
CITY MANAGER**

**BY: THOMAS BEKELE
PUBLIC WORKS DIRECTOR**

SUBJECT: REJECT ALL BIDS FOR THE GUNDRY RESERVOIR ROOF REPLACEMENT AND REHABILITATION PROJECT (PROJECT NO. 95.23001), AND RE-BID THE PROJECT

Summary:

The Gundry Reservoir, located within Reservoir Park, is a cylindrical concrete water storage tank with a five-million-gallon capacity, originally constructed in 1929. Over the years, the reservoir has undergone significant upgrades, including the replacement of its wooden roof framing with a steel structure in the 1990s and the application of a watertight coating in 2006. In March 2022, an inspection of the reservoir's interior and structural components revealed failing structural roof members, necessitating a complete roof replacement and recoating to maintain water quality and structural integrity.

On April 25, 2023, the City Council awarded a professional consulting services agreement to Ardurra Group, Incorporated (Ardurra) to prepare the plans and specifications for the Gundry Reservoir Roof Replacement and Rehabilitation Project. Subsequently, in July 2024, Ardurra provided the final bid-ready plans and specifications, which included the reservoir and sand basin roof replacements, concrete repairs, exterior painting, interior recoating, and piping rehabilitation.

On September 13, 2024, staff issued a Notice Inviting Bids for the construction of the Gundry Reservoir Roof Replacement and Rehabilitation Project (project) in accordance with the guidelines set forth in the Signal Hill Municipal Code Section 1.08.010; bids were due on October 23, 2024. Upon the bid opening date, the City received two bids; both of which exceeded the engineer's estimate of \$2.8 million. Consequently, staff recommends the City Council reject all bids and consider rebidding the project. If approved, the Public Works Department would perform temporary repairs and provide necessary maintenance to ensure the reservoir's structural condition and water quality are maintained; concurrently, the Public Works Department would reassess and prioritize the project's scope of work and pursue funding options for its construction.

Strategic Plan Goal(s):

Goal No. 1 Financial Stability: Ensure the City's long-term financial stability and resilience.

Goal No. 4 Infrastructure: Maintain and improve the City's physical infrastructure, water system, and recreational spaces.

Goal No. 5 High-Functioning Government: Strengthen internal communications, recruitment, retention, systems, and processes to increase the effectiveness and efficiency of City services.

Recommendation:

Authorize the Public Works Director to reject all bids received for the Gundry Reservoir Roof Replacement and Rehabilitation Project, pursuant to Section 4.5 of the City of Signal Hill Purchasing and Contracting Guidelines and authorize re-bidding of the project.

Fiscal Impact:

There is no direct fiscal impact associated with the rejection of this bid. The budget for the Gundry Reservoir Roof Replacement and Rehabilitation Project (Project No. 95.23001), funded by the Water Fund, is \$3,000,000; the total remaining budget for construction and construction management is \$2,711,729.48. Given that the bids received exceeded the City's available funds for this project, staff plans to reassess the project's scope using a phased approach-based priority on levels.

Background:

Gundry Reservoir, located on the south side of Reservoir Park, north of 33rd Street, is a partially buried cylindrical concrete water storage tank with a capacity of five million gallons, measuring approximately 200 feet in diameter and 20 feet in height. Since its construction in 1929, the Gundry Reservoir has undergone several significant improvements, including the replacement of the original wooden roof framing system with a steel truss and plate system in the 1990s; in 2006, a watertight coating was applied to the interior of the reservoir, and a partial roof replacement was performed, resulting in two distinct roof structures.

Over time, the steel roof plate and some of the structural members have experienced failure, leading to notable deterioration of structural steel framing members and exhaust fan penetrations. The City conducted an inspection of the reservoir's interior and structural components in March 2022 to ensure compliance with routine maintenance and ongoing water quality standards. Following a comprehensive analysis of both the interior and exterior of the reservoir, staff determined a complete roof replacement and the removal and reapplication of the existing watertight coating are essential to uphold water quality standards and the structural integrity of the facility.

On April 25, 2023, the City Council awarded a professional consulting services agreement to Ardurra Group, Incorporated (Ardurra) to develop engineered plans and specifications for the Gundry Reservoir Roof Replacement and Rehabilitation Project (project), with a design cost not-to-exceed \$299,313. Subsequently, in July 2024, Ardurra provided the final bid-ready plans and specifications,

which the Public Works Department and the City Engineer approved.

Analysis:

The scope of work outlined in the project plans and specifications includes the removal and replacement of the roof structures, concrete crack repairs, and exterior painting at the Gundry Reservoir and Sand Basin. Additionally, the scope covers the interior recoating of the reservoir, as well as the replacement, media blasting, and rehabilitation of existing piping within the Gundry Reservoir and its exterior piping.

Bid Circulation Process

On September 13, 2024, the City posted a Notice Inviting Bids for the project at its public notice locations, on the City’s website, and posted on PlanetBids via the City’s portal. The engineer’s estimate for the completion of the project, including the Gundry Reservoir and Sand Basin, is approximately \$2.8 million. To account for potential increases in construction costs, the City included work for the sand basin in the project scope as an additive alternate item scope in the advertising documents. In addition, the City held a non-mandatory pre-bid meeting at Reservoir Park on September 27, 2024, to inform prospective bidders to discuss the scope of work, engineer’s estimate, and review bid requirements; bids were due on October 23, 2024.

Bid Results

The table below lists the bids received by the due date of October 23, 2024.

Bidder	Base Bid	Additive Alternate (Sand Basin)	Total Bid Amount
Spies Construction Co., Inc.	\$4,976,163.05	\$623,732.50	\$5,599,895.55
Vicon Enterprise Inc.	\$5,350,000.00	\$700,000.00	\$6,050,000.00

Potential Cause For High Bid Prices

The difference between the Engineer’s estimate and the lowest bid is primarily due to the following factors:

1. **Timing and Material Price Uncertainty:** The project is scheduled for construction in October 2025 to align with reduced water usage during winter, allowing for the reservoir’s temporary closure. However, the uncertain price of steel at that future date led contractors to account for potential cost increases in their bids.
2. **Unforeseen Concrete Floor Conditions:** The concrete floor beneath the coated surface inside the reservoir was unclear at the time of the bid. These repairs, as mandated by project specifications, are challenging to quantify accurately in advance without emptying the reservoir and performing destructive testing, resulting in cost variability.
3. **Sand Removal from Basin:** The sand in the Sand Basin may need to be removed manually due to limited access, which adds to labor costs.

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Rejection of Bids:

The lowest bidder, Spies Construction Company, Incorporated, submitted a bid of \$5,599,895.55 (inclusive of the sand basin alternate), which is higher than the engineer's estimate of \$2,859,000 and the available funds for this project. Staff recommends the City Council reject all bids and re-bid the project at a future date. If approved, the Public Works Department would assess the condition of the reservoir and would perform the necessary maintenance and temporary repairs until a cost-viable option is developed.

Reviewed for Fiscal Impact:

Sharon del Rosario

Attachment:

A. Bid Tabulation Report List