



# MEMORANDUM

Agenda Item #: 6  
Meeting Date: July 26, 2016

**TO: HONORABLE MAYOR AND CITY COUNCIL**

**THRU: ANTON DAHLERBRUCH, CITY MANAGER /s/**

**FROM: KEN RUKAVINA, PUBLIC WORKS DIRECTOR/CITY ENGINEER /s/**

**SUBJECT: REJECTION OF ALL BIDS FOR CONSTRUCTION CONTRACT FOR PASEO DEL SOL TURNAROUND PROJECT AND DISCONTINUE THE PROJECT**

**DATE: JULY 26, 2016**

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## **ISSUE/PURPOSE**

Shall the City Council reject all bids received for the construction of the Paseo Del Sol Turnaround and discontinue the project?

## **BACKGROUND**

Lower Paseo Del Sol has no location for vehicles to turnaround. The street ends abruptly at the beginning of a gated fire road. Many vehicles use the driveway of the home located at 2035 Paseo Del Sol to turnaround. There have also been concerns about the inability of service vehicles and emergency responders to turn around at the easterly terminus.

In 2002, a hammerhead turnaround was designed and records show the project did not proceed due to a lack of funding. In 2013, the potential need for a turnaround was raised again through residents. Based upon an assumption that the design plans from 2002 would be utilized, the City Council budgeted \$75,000 in the capital improvement budget for construction costs of a hammerhead turnaround. In 2013, the City received a grant for \$75,000 from the Los Angeles County Regional Park and Open Space District for the project that was added to the project budget for a total budget of \$150,000. In 2014, the preliminary engineer estimate cost of construction

necessitated the City to increase the budget to \$169,800, with the net City use of resources estimated at \$94,800.


In April 2016, the Public Works Department issued a notice inviting bids for the construction of the Paseo Del Sol Fire Road Turnaround. Four bids were received on April 19th:


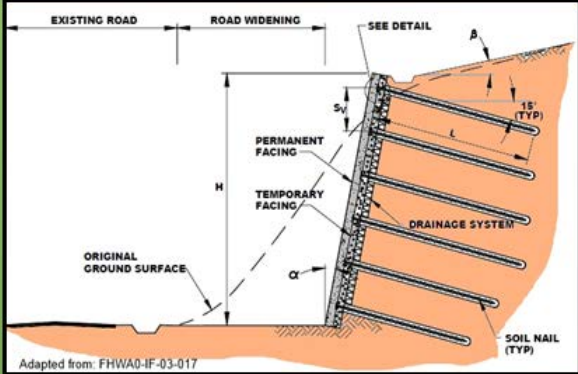
Bidder	Bid Amount
GRFCO, Inc.	\$182,415.00
Palp, Inc. DBA Excel Paving	\$253,872.00
All American Asphalt	\$319,055.00
Hardy & Harper, Inc.	\$394,000.00

On April 25, 2016, GRFCO, Inc. submitted a letter (see Attachment A) requesting their bid be withdrawn as the estimator inadvertently made a clerical error in totaling their bid, making the total bid materially different than what it was intended to be; i.e. the bid form was filled out incorrectly. In reviewing and comparing the other bids and the engineer's estimate, it was determined this was a reasonable request. Discounting GRFCO's bid, the average bid is \$322,309.00.

Due to the high costs of construction, by utilizing a CMU wall, other design alternatives were analyzed: ranging from allowing the contractor more latitude in storage of material and equipment, closing all access to the fire road during construction, and alternatives to the CMU wall, such as the construction of a Soil-Nail Wall. A Soil-Nail wall is essentially a gunite over a metal cage tied back into the bedrock, which is constructed from the top down. This eliminates the need for extensive excavation and replacement of fill behind the wall. A major drawback is that the surface of a Soil-Nail wall is unfinished shotcrete yielding a non-uniform, rough finish, as illustrated below.

## SHOTCRETE WITH SOIL NAILS



Adapted from: FHWA0-IF-03-017

The engineer's estimate for a Soil-Nail wall is \$185,000, with the need for additional design and construction engineering costs of approximately \$25,000. Thus, the total cost to construct a Soil-Nail wall would be about \$210,000.

Currently, approximately \$100,000 is appropriated in the FY 16/17 CIP budget for the Paseo Del Sol Turnaround. Whether the wall is constructed as designed or with an alternative design, a budget shortfall exists as follows:

<b>Construction Type</b>	<b>Estimated Cost</b>	<b>Budget Shortfall</b>
CMU Wall (current design)	\$325,000	\$225,000
Soil Nail Wall (alternative design)	\$210,000	\$110,000

On July 30, 2016, a meeting was held with the residents on Paseo Del Sol to solicit input on how to proceed. Staff presented a history of the project, the alternative design, construction and engineering costs and the existing budget appropriations and funding shortfall. At the meeting, there was discussion of recent offers from two residents to donate and options on how residents may participate in funding the project, either through donations or other means. Staff noted that the project costs may be deemed excessive when compared to the community benefits. As such, community participation may help to offset unanticipated costs. Although supportive of alternatives, many residents did not feel that the aesthetics of a Soil Nail wall would fit the character of the area. Subsequent to the meeting, staff was informed that no additional funding would be forthcoming from the neighborhood.

Based on discussions with the Los Angeles County Fire Department, there is a general consensus that the turnaround would be beneficial to public safety; however, due to the fact that this turnaround would not benefit fire apparatus traveling farther down the roadway and air support would be the likely means of emergency response, the installation of the turnaround is not critical to fire operations.

Due to the high cost of the project and the funding shortfall, staff believes this project is not worth pursuing at this time. In the future, the entire fire road will need to be reconstructed, so perhaps a solution to improve access can be re-visited at that time.

Lastly, the City was awarded a \$75,000 grant from Los Angeles County Regional Park and Open Space District for the project, which will be returned if the funds cannot be shifted to an alternative project.

### **FISCAL IMPACT**

Should the City Council decide to construct the project, additional budget appropriations from the General Fund in an amount of as much as \$225,000 would be required. Should City Council decide to discontinue the project, the \$75,000 grant would be returned to the County and approximately \$25,000 would be returned to the General Fund.

### **NOTIFICATION**

This item is listed on the City Council agenda and noticed in the manner consistent with City policy and practice.

## **ALTERNATIVES**

The alternatives available to the City Council include:

1. Reject all bids and authorize staff to re-bid the project to construct the CMU wall with minor modifications to the specifications in an attempt to reduce costs, and appropriate the necessary additional funds at time of contract award.
2. Reject all bids and authorize staff to redesign the project to construct a Soil Nail wall and re-bid the project, and appropriate the necessary additional funds at time of contract award.
3. Reject all bids, discontinue the project and authorize return of grant award to the County.
4. Request additional information and / or provide further direction.

## **CONCLUSION/RECOMMENDATION**

Staff recommends that the City Council reject all bids for the Paseo Del Sol Turnaround Project, discontinue the project, and authorize return of grant award to the County.

## **ATTACHMENT:**

A – GRFCO, Inc. letter dated April 25, 2016

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**GRFCO, Inc.**  
**General Engineering**

**P.O. Box 1747 Brea, CA. 92822**

Ph: (951)657-8887

Fx: (951)657-0777

***grfcoinc@gmail.com***

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April 25, 2016

sent via email: [krukavina@pvestates.org](mailto:krukavina@pvestates.org)

And Certified Mail

City of Palos Verdes Estates  
340 Palos Verdes Drive West  
Palos Verdes Estates, CA. 90274

Attention: Mr. Ken Rukavina  
City Engineer

Reference: Paseo Del Sol Fire Access Road Improvements  
City Project No. PW636-16

Subject: Bid Relief Due to Clerical Error

Dear Mr. Rukavina,

Thank you for the opportunity to bid on the above referenced project.

After reviewing GRFCO's in house bidding form and the figures used to arrive at the total bid amount, it has become apparent that GRFCO's estimator inadvertently made a clerical error when adding up the numbers. This mistake made the total bid materially different than what it was intended to be; thus the Contract Bid Form was filled out incorrectly.

This firm regretfully requests that our bid be withdrawn from this project and that our bid bond be returned in accordance with Section 5101 and 5103 of the Public Contracts Code. Supplemental information will be forwarded upon request.

Pursuant to California Public Contract Code 5103, GRFCO has represented the following:

- A mistake was made.
- The mistake made the bid materially different than what was intended.
- The mistake was made in filling out the bid and not due to an error in judgment.

GRFCO apologizes for any inconvenience this may have caused. We do appreciate your patience and understanding through the completion of this matter

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**GRFCO, Inc.**  
*General Engineering*

***P.O. Box 1747 Brea, CA. 92822***

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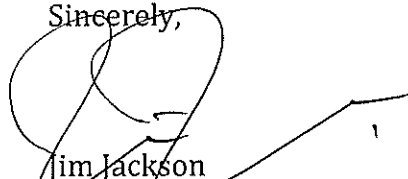
***grfcoinc@gmail.com***

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City of Palos Verdes Estates

In the event you should have any questions, please don't hesitate to call at your earliest convenience. Thank you for your time.

Sincerely,



Jim Jackson  
Project Manager

JJ: gf