

AGENDA

**ENGINEERING COMMITTEE MEETING
LEUCADIA WASTEWATER DISTRICT
Monday, August 5, 2024 – 1:00 p.m.
1960 La Costa Avenue, Carlsbad, CA 92009**

1. **Call to Order**
2. **Roll Call**
3. **Public Comment**
4. **San Marcos Creek Crossing Diversion Project – Award of Construction Contract and Authorize an Additional Appropriation. (Pages 2 – 8)**
 - A. Authorize the General Manager to execute an Agreement with Palm Engineering Construction Company, Inc. for construction services to complete the San Marcos Creek Crossing Diversion Project in an amount not to exceed \$1,124,000.
 - B. Authorize an additional appropriation of \$150K for project construction.
5. **Information Items**
6. **Directors' Comments**
7. **General Manager's Comments**
8. **Adjournment**

MEMORANDUM

Ref: 25-8853

DATE: August 1, 2024
 TO: Engineering Committee
 FROM: Paul J. Bushee, General Manager 
 SUBJECT: **Construction Contract Award for the District's San Marcos Creek Crossing Diversion Project**

RECOMMENDATION:

Staff requests that the Engineering Committee recommend that the Board of Directors:

1. Authorize the General Manager to execute an Agreement with Palm Engineering Construction Company, Inc. for the construction of the San Marcos Creek Crossing Diversion Project in an amount not to exceed \$1,124,000 as the lowest responsive and responsible bidder.
2. Authorize an additional appropriation of \$150K for project construction.
3. Discuss and take other action as appropriate.

BACKGROUND:

Tactical Goal: Infrastructure & Technology / San Marcos Creek Diversion Project

In January 2024, the District completed an emergency repair for the San Marcos Creek pipeline crossing on the eastern edge of the Omni La Costa south golf course. During the emergency repair, staff and the Board discussed the need to expedite a project that would permanently divert flow away from the pipeline in the creek prior to the next rainy season. As a result, in March 2024, the Board authorized a Capital Budget transfer of \$200K in order to execute an agreement with Water Works Engineers (Water Works) for final design services for the project.

DISCUSSION:

Water Works completed the expedited project design in June 2024. The project was advertised for bids on June 17, 2024. Bids were due on July 23, 2024. Two (2) bids were received as follows:

Construction Firm	Bid Price
Palm Engineering Construction Company, Inc.	\$1,124,000
SCW Contracting Company	\$1,479,310

Palm Engineering Construction Company, Inc.'s (Palm Construction') bid of \$1,124,000 is \$78K, or 7.5%, more than the engineer's opinion of probable cost of \$1,046,000.

Due to the limited competition, staff inquired why only two bids were received. Therefore, staff reached out to (2) construction firms, Maxim Construction Company, Inc. (Maxim) and Bali

Construction (Bali), that were on the plan holders list but did not submit a bid. The District discovered Maxim did not submit a bid because of current project commitments as they were recently awarded two larger projects. The District called Bali and left a voicemail, but Bali did not return the District's phone call. Additionally, staff reached out to Burtech Pipeline, who has completed multiple open trench construction projects for the District. Unfortunately, Burtech informed the District there was a miscommunication and they were unaware of the project.

The bids were reviewed by Tim Lewis at Water Works. As a result of their evaluation, Water Works determined Palm Construction to be responsive to the bid requirements and recommended that Palm Construction be awarded the contract as the lowest responsive and responsible bidder. The Water Works bid review memorandum is attached for your review.

Therefore, staff concurs with Water Work's recommendation and requests that the Board of Directors award the contract to Palm Engineering Construction Company, Inc. as the lowest responsive and responsible bidder in an amount not to exceed \$1,124,000.

FISCAL IMPACT:

The FY25 Capital Budget included \$1.025M for project construction. Therefore, Staff requests an additional appropriation to the FY25 Capital Budget of \$150K to cover the remaining cost for construction and a 5% contingency.

ier:PJB

Attachment

Leucadia Wastewater District San Marcos Creek Crossing Diversion Project Bid Review Memorandum



Date: July 25, 2024
Prepared by: Tim Lewis, PE (Design Engineer)

Purpose

The purpose of this memorandum is to summarize Water Works Engineer's (Design Engineer) evaluation of the bid results and the responsiveness of the apparent low bidder to bidding and contract documents for the Leucadia Wastewater District (District) San Marcos Creek Crossing Diversion Project.

Bid Results

Two (2) Bids were received and opened on July 23rd, 2024. The Bids are summarized below, along with the Engineer's Opinion of Probable Construction Cost (OPCC). See the last section of this memorandum for discussion on the difference between the Engineer's OPCC and the Low Bid.

Apparent Low Bid: (Palm Engineering Construction Company, Inc.)	\$1,124,000
Second Low Bid: (SCW Contracting Corporation)	\$1,479,310
Engineer's Opinion of Probable Construction Cost (OPCC):	\$1,046,000

Review of Apparent Low Bidder

Water Works Engineer's reviewed the bidding documents submitted by the Low Apparent Bidder to determine if the Bidder is the lowest responsive responsible bidder.

Contractor's License (Responsive)

The Contractor holds the required Class A License which is current and active. The Contractor also holds Class B (General building), C27 (Landscaping) and C10 (Electrical) licenses. Worker's Compensation is Active. The Contractor is bonded. The Bidder is responsive.

Business Information

PALM ENGINEERING CONSTRUCTION COMPANY INC
dba PALM ENGINEERING

7330 OPPORTUNITY RD STE A & B
SUITE A
SAN DIEGO, CA 92111
Business Phone Number:(619) 291-1495

Entity Corporation
Issue Date 02/01/2005
Expire Date 02/28/2025

License Status

This license is current and active.

All information below should be reviewed.

Classifications

- ▶ [A - GENERAL ENGINEERING](#)
- ▶ [B - GENERAL BUILDING](#)
- ▶ [C27 - LANDSCAPING](#)
- ▶ [C10 - ELECTRICAL](#)

Bonding Information

Contractor's Bond

This license filed a Contractor's Bond with [AMERICAN CONTRACTORS INDEMNITY COMPANY](#).

Bond Number: 100267004

Bond Amount: 525,000

Effective Date: 01/01/2023

[Contractor's Bond History](#)

Bond of Qualifying Individual

The qualifying individual RASOUL SHAHBAZI-DASTJERDI certified that he/she owns 10 percent or more of the voting stock/membership interest of this company; therefore, the Bond of Qualifying Individual is not required.

Effective Date: 06/29/2012

[BQI's Bond History](#)

Workers' Compensation

This license has workers compensation insurance with the [ZURICH AMERICAN INSURANCE COMPANY](#).

Policy Number: WC429303100

Effective Date: 11/01/2023

Expire Date: 11/01/2024

[Workers' Compensation History](#)

<https://www.cslb.ca.gov/onlineservices/checklicense/checklicense.aspx>

Bid Bond (Responsive)

A bid bond in the amount of ten percent (10%) of the bid amount was submitted with Nationwide Mutual Insurance Company as surety, as required. The Bidder is responsive.

Signatures (Responsive)

Palm Engineering Construction Company, Inc. President Rasoul Shabazi signed the Closing Statement, Bidder’s Bond, Non-Collusion Affidavit, and Local Preference Certification. Other company partners were listed. Nationwide Mutual Insurance Company surety was signed by John G. Maloney, Attorney-in-Fact, and President Rasoul Shabazi. Both individuals were acknowledged and validated via a notary public. The Bidder is responsive.

Addenda Acknowledgment (Responsive)

Addenda 1 are signed and acknowledged by President Rasoul Shabazi. The Bidder is responsive.

Registration with the Department of Industrial Relations (Responsive)

The prime and subcontractors are required to be registered with the DIR prior to bidding a public works project. The Bidder is responsive.

Contractor Legal name	Type of Work	Registration #	Registration Date	Expiration Date
PRIME: Palm Engineering	Prime	1000003218	11/1/2021	11/1/2022
SUB: National Coating & Lining Co.	Bid item #7, existing MH, rehab. Partial bid item #8,9,10 and MH lining	1000013795	7/1/2023	6/30/2025
SUB: MTGL, Inc.	Partial Bid item#2, Inspection	1000006646	7/1/2023	7/1/2024

<https://www.dir.ca.gov/public-works/Contractors.html>

Experience Requirements (Responsive)

Water Works reviewed the Bidder’s self-reported qualifications/experience responses as required by the bidding documents, takes no exception, and considers the Bidder to be responsive.

1. Prime and Subs willful violations in last 5 years: No.
2. Listed compensation experience modification factors: Listed.
3. Injury prevention program adoption: Yes.
4. Bidder debtor in bankruptcy case: No.
5. Bankruptcy in last 5 years: No.
6. Liquidated damages in the last 5 years: No.
7. Bidder disqualification in last 5 years: No.
8. Claim against Bidde in last 5 years: No.
9. Claim against Owner in last 5 years: No.
10. Surety payments in last 5 years: No.
11. DIR registration for prime and subs: Yes.
12. The bidder was required to complete a minimum of two (2) projects where the contractor replaced a minimum of 500 linear feet of 8” or greater diameter gravity sewer main that was over 10 feet deep: Yes

13. The bidder was required to complete a minimum of two (2) projects where the contractor conducted open cut trench excavation into hard rock and boulder conditions: Yes.
14. The bidder was required to complete a minimum of two (2) projects where the contractor was required to bypass 100% of the existing wastewater flow in order to complete project with no incidents of spills: Yes.

Experience References (Responsive)

Water Works Engineers contacted all the qualification experience references on 7/24/24 listed on the contract forms and takes no exception to any of the responses received and considers the Bidder responsive.

<p>Jose A. Lizarraga (858-627-2033) – City of San Diego</p> <p><u>Projects:</u></p> <ol style="list-style-type: none">1. AC Water and Sewer Group 1036 <p><u>Comments:</u></p> <ol style="list-style-type: none">1. In general, recommends them. Diligent with the work and didn't have too many troubles other than some best management practice reminders.
<p>Keith Murduck (858-301-1466) – County of San Diego</p> <p><u>Projects:</u></p> <ol style="list-style-type: none">1. Industry Road Sewer at Ha-Hana Road <p><u>Comments from Reference:</u></p> <ol style="list-style-type: none">1. No answer, could not leave a voicemail
<p>Ricardo Soto (760-788-2260) – Ramona Municipal Water District</p> <p><u>Projects:</u></p> <ol style="list-style-type: none">1. B St, H St, 5th, 11th & 12th Streets Waterline Replacement Project <p><u>Comments from Reference:</u></p> <ol style="list-style-type: none">1. Did a really great job and they were responsible and responsive. Had no issues with them. They recommend.

Approach to Work (Responsive)

In general, the Bidders Work Approach is relatively short and does not have many details, but Water Works Engineers takes no exception to it and considers it reasonable.

Safety and Injury Prevention Plan (Responsive)

The Bidder indicated that it has adopted an injury prevention program. The Bidder is responsive.

Project Manager Information (Omitted)

Both the Low Bidder and High Bidder did not submit Project Manager experience as by IFB-9, but it is Water Works opinion that this is an unintentional omission and is not a disqualifying factor. It is recommended that the District request project manager supplementary information from the Bidder as required by IFB-9. There have been similar occurrences on past projects. The likely justification for this is that the project manager experience is not listed on the on the bidder experience data forms and the Bidders were either unaware or were confused and

believed it was supplemental information to be submitted after the bid. For future projects, it is recommended that the District reexamine whether the bid forms should include a project manager experience section.

Review of Low Bid versus Engineer OPCC

The Low Bid is \$78,000 higher (7%) than the Engineer's OPCC (estimate). It is Water Works opinion this is attributed to a constrained and fast-paced schedule requirement and general project access constraints due to working within the HOA area.

In addition, Water Works examined the bid items for the low bidder and did not identify anything of note. Water Works Engineers takes no exception to the bid cost breakdown. The Bidder did not appear to have any significant pricing deviation that may indicate the Bidder is front-loading or has manipulated the magnitude of a particular bid item in such a way that is not industry standard or indicates the Bidder did not understand the scope of work delineated in the bid item.

Final Opinion

Water Works takes no exception to and considers Palm Engineering Construction Company, Inc. to be the lowest responsive and responsible bidder, as required by the Bidding and Contract Documents. The submitted Low Bid appears to be reasonable.