

January 5, 2005

Honorable Mayor and Members of  
the Hermosa Beach City Council

Regular Meeting of  
January 11, 2005

**PROJECT NO. CIP 02-612 PUBLIC WORKS YARD RENOVATION  
OIL WELL ABANDONMENT - REJECT ALL BIDS**

**Recommendation:**

It is recommended that the City Council:

1. Reject the single bid received for Project No. CIP 02-612 Public Works Yard Renovation, Phase I - Oil Well Abandonment;
2. Waive the requirement for Labor & Material, and Performance Bonds; and
3. Authorize Staff to re-advertise for bids and invite the previous participating bidder to re-bid.

**Summary**

The decision to reject all bids is based on the fact that only one responsive bid was received and it was approximately 150% above the engineer's estimate. The project was advertised in a local newspaper and The Green Sheet (McGraw-Hill Construction Publishing Co.) and the Notice Inviting Bids was faxed to ten prospective bidders.

BIDDER	BID AMOUNT	ENGINEER'S ESTIMATE
MMI Services, Inc.	\$140,412	\$55,000

Staff contacted bidders who didn't submit bids for this project and was told that Performance Bonds and Labor & Material Bonds are not usual or customary in this field. These firms are paid upon completion of a project and they provide a release from labor, equipment and material suppliers at that time. Therefore, Staff recommends that the existing requirement for these bonds be waived by Council in this instance and allow that the contractor be paid upon completion of the project to the satisfaction of the City.

**FISCAL IMPACT:**

None at this time.

Respectfully submitted,

Concur:

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Homayoun Behboodi  
Associate Engineer

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Richard D. Morgan, P.E.  
Director of Public Works/City Engineer

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Stephen R. Burrell  
City Manager