

# Saddle Creek Community Services District

## Regular Meeting of July 18, 2017

### AGENDA SUPPORTING DATA

#### 7. DISCUSSION AND ACTION ITEMS

- d. Approval of the process and schedule for first phase of road improvements to be constructed with Measure A special tax funds

#### *Recommended Action*

Staff recommends the following motion:

*I move to approve the process and schedule for first phase of road improvements to be constructed with Measure A special tax funds*

#### *Background*

In order to understand why the preparation, planning, design and construction of public projects, such as the CSD's take so much administrative time and expense, it is important to have a basic understanding of the state requirements for building public projects, which is summarized below. In addition, a preliminary schedule of events is included for your review and approval.

#### **Public Works Projects**

The Saddle Creek CSD has completed very few contracted projects in its history; primarily since the community roads and infrastructure were built fairly recently and dedicated on completion to the District. The CSD has not constructed any projects costing over the threshold amount of \$25,000 which require complex competitive bidding. All building and construction projects undertaken by the CSD and costing over \$1000 are defined as "Public Works" projects by the California Public Contract Code (PCC), under the enforcement of the State Department of Industrial Relations (DIR).

#### **DIR Registration and Notification Required**

That said, planning, designing and constructing public works projects is very much different and more complex than private construction, such as work completed directly by Castle & Cooke. For example, the PCC requires for any public works project costing over \$1000 that the District require that the contractor pay their employees the general prevailing wage rate as determined by the DIR for each craft of work (such as landscaping, electrical, paving). If the contractor does not comply, both the contractor and district can be fined by DIR, and the contractor has to pay the underpaid wages. DIR enforces this with a new law requiring the District to submit an online form notifying DIR of every public works project we do, and for the contractor to be registered with DIR to construct public works projects. As of last month, we now only have to notify DIR of projects costing over \$25,000. Failure to notify DIR in accordance with strict guidelines will result in fines and penalties to the District.

#### **Competitive Bidding Requirements**

When it comes to contracting for projects costing over \$25,000, the District must publicly seek competitive bids for the work and must award the contract to the lowest responsible bidder. All bidders are required to submit a "bid bond" in the amount of 10% of their bid, to guarantee that they will enter into contract with the district if

they are the low bidder. This is required so that contractors are accurate in their bidding. So long as your project plans and specifications to which the contractor is preparing their bid are complete and describe the work in accurate enough detail so that all bidders know exactly how to bid the job, when you award the contract to the low bidder they are required to complete the project for the bid amount, regardless of if they made major errors in the bid calculations.

This also causes some contractors to get very excited over incomplete bidding plans and they then submit a low bid, receive the contract and immediately issue construction (contract) change orders which can make the cost of the project exceed budget quickly and be unpredictable at best. This is a reason public agencies are not advised to find a project design firm that is the “low bidder” or one that is inexperienced in the work; accurate plans and specifications are essential, and a well-managed bidding and construction management is necessary to keep cost under control and receive the end product we desire.

## **Project Planning**

In the beginning of the project, once the engineering firm is engaged and the District is aware of the likely construction period, location of work, materials and equipment staging areas, and other logistics, the District is required by the California Environmental Quality Act (CEQA) to evaluate the impacts of the project on the environment. It is likely the project will either be exempt from performing an environmental review, or if minor impacts are identified, we may be required to perform some environmental studies such as biological surveys for the preparation of a Negative Declaration, or Mitigated Negative Declaration. The results of the CEQA review are included in the project design for consideration and compliance by the contractor.

## **Project Design**

The District is in the process of hiring a professional engineering firm to complete the design of the first phase of road improvements. The engineer will perform site visits, evaluate site conditions, match materials and products to the site needs, identify priorities and construction staging areas, all of which will be included in the project specifications. The engineer will then produce project Bid Documents, which includes plans and specifications that will then be made available to plan centers and contractors, notices to bidders with specific instructions, licensing, bonding and bidding requirements.

## **Bidding**

The law requires that a formal notice be published in the newspaper and in industry specific plan centers and clearinghouses. Bid documents are made available for sale at the District, plan centers, by mail and electronically. The bid period must be a minimum of 14 days, but many times a mandatory pre-bid meeting is scheduled to make sure all bidding contractors hear the same answers to all questions. Therefore, the bidding process can take up to 30 days or more.

Very specific requirements govern communication with contractors during bidding, to make sure one bidder does not have an advantage over the other, and to avoid bid mistakes. Mistakes cause contractor protests at bid time, can delay projects and cost time and money. Bids are delivered in sealed envelopes and not opened until the date and time listed. Bidders must deliver a bid bond to ensure they are prepared to enter into contract for the work. If the low bidder refuses to enter into contract, the next lowest bidder is chosen, and the lowest bidder's bid bond called (used) to make the difference in cost.

Once bids are received, they are publicly opened and read. The project engineer and GM will review bids for accuracy, compliance with the bid documents, appropriate licensing, and bonds. A recommendation for contract award can usually be made in one to two days.

## **Contract Award and Notice to Proceed**

Once the bids have been confirmed accurate, and the lowest responsible bidder identified, the GM and project engineer will recommend the contract award to the Board for approval. The contractor will be required to return the signed contract with a variety of documents including:

- Insurance certificates and endorsements
- Performance bonds which are required to make sure the contractor pays their employees appropriately
- Completion bonds to make sure that the work is completed once started

Once all of the required documentation is confirmed by the GM and project engineer, a Notice to Proceed is issued, telling the contractor when to start work, when items are to be submitted, construction started and completed. Since we will be awarding the contract in winter and asphalt cannot be placed until consistent 50 degree weather or higher, the start date will likely be based on weather and notice from the District.

## **Construction**

The contract will require the contractor to complete the work within a specific number of working days, with exclusions for weather and other factors. A qualified construction inspector will be hired by the District to monitor the construction process, to ensure all conditions in the plans and specifications are met. Every construction day is filled with photos, reports, written documentation exchanged with the contractor and documentation of the amount of work completed. The contractor is required to repair all identified construction defects along the way or at the end of the project, and many times a warranty bond is required to guarantee performance of the work for a specified period of time; usually one year.

## **Notice of Completion**

When the GM and project engineer determine that the work is completed per specifications, they will recommend that a Notice of Completion be filed at the county clerk office.

# SADDLE CREEK ROAD IMPROVEMENTS 2017-2018

PROJECT	SADDLE CREEK ROAD IMPROVEMENTS
DISTRICT	SADDLE CREEK CSD

All dates are estimated and subject to change. Construction start date and duration is based on weather and other construction related factors.

PROJECT PHASE	STARTING	ENDING	PROJECT PHASE	STARTING	ENDING
ENGINEERING RFP	7/10/2017	8/4/2017	NOTICE TO PROCEED	12/04/2017	12/04/2017
PROPOSAL REVIEW	8/04/2017	8/14/2017	CONSTRUCTION	3/05/2018	7/03/2018
ENGINEERING CONTRACT	8/15/2017	8/15/2017	NOTICE OF COMPLETION	7/13/2018	7/13/2018
PLAN, DESIGN, PERMIT	8/21/2017	10/20/2017			
BIDDING	10/23/2017	11/17/2017			
CONTRACT AWARD	11/21/2017	11/21/2017			

JULY							AUGUST							SEPTEMBER							OCTOBER							NOVEMBER							DECEMBER								
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