



CITY OF
FOLSOM
DISTINGUISHED BY NATURE

Folsom City Council Staff Report

MEETING DATE:	8/27/2024
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 11246 – A Resolution Authorizing the City Manager to Execute an Agreement with Euro Style Management for the Construction of the Tower Tank Rehabilitation Project (Project WA2402) and Appropriation of Funds
FROM:	Environmental and Water Resources Department

RECOMMENDATION / CITY COUNCIL ACTION

The Environmental and Water Resources Department recommends the City Council pass and adopt Resolution No. 11246 – A Resolution Authorizing the City Manager to Execute an Agreement with Euro Style Management for the Construction of the Tower Tank Rehabilitation Project (Project WA2402) and Appropriation of Funds.

BACKGROUND / ISSUE

The Environmental and Water Resources (EWR) Department identifies water infrastructure rehabilitation and replacement projects through water master plans, ongoing water condition assessment programs, and regulatory changes. Through these efforts, portions of the water system have been identified as needing rehabilitation or replacement in order to improve the water distribution system reliability. Through these efforts, EWR Staff identified the Tower Tank Rehabilitation Project as a priority project.

The Tower Tank Rehabilitation Project involves improvements and repairs to five of the City’s water tanks due to aging infrastructure. The water tanks that will be rehabilitated include Tower Tank, Foothills Tanks No. 1 and No. 2, South Tank, and East Tank No. 2. As part of the City’s Water Tank Inspection Program Project, the Tower Tank and East Tank No. 2 were inspected in 2018 and the Foothills Tanks No. 1 and No. 2 and South Tank were inspected in 2019. The tanks were also inspected by the State Water Resources Control Board Division of Drinking Water (DDW) in April 2022.

Per the recommendations from the inspection reports and recommendations by EWR staff from the City’s routine maintenance inspections, some of the improvements and repairs at the five tank locations will include:

- Interior tank recoating.
- Structural repairs.
- Blower and mixer installation.
- Ladder/stair upgrades for climbing the outside of the tank.
- Cathodic protection system upgrades.
- Electrical upgrades.
- Interior and exterior overall upgrades.
- Exterior spot recoating.

This resolution will authorize the City Manager to execute an agreement with Euro Style Management for the construction of the Tower Tank Rehabilitation Project in the amount of \$4,777,000 and the budget for this agreement to include a 15% contingency in the amount of \$716,550 and Appropriation of Funds.

POLICY / RULE

In accordance with Chapter 2.36 of the Folsom Municipal Code, supplies, equipment, services, and construction with a value of \$73,209 or greater shall be awarded by City Council.

ANALYSIS

The City completed plans and specifications for the Tower Tank Rehabilitation Project and publicly advertised for bids on July 10, 2024. In addition, the City provided these documents to www.ciplist.com which is also picked up by several area builders’ exchanges and the City of Folsom’s website. The Environmental and Water Resources Department received the following bids on August 12, 2024, for construction of the Tower Tank Rehabilitation Project:

Contractor	Bid Amount
Euro Style Management	\$4,777,000
Farr Construction Corp. DBA Resource Development Company	\$5,270,172

The bids from Euro Style Management and Farr Construction Corp. DBA Resource Development Company were received by the City Clerk’s Department before the deadline. The City Clerk’s Department received one late bid after the deadline. That bid was deemed unresponsive and was not opened or considered.

Staff has reviewed the bids submitted and found the low bidder’s bid to be without error, however, a discrepancy in the bid amount provided by the second low bidder (Farr Construction Corp) was identified. The City’s General Provisions Section 2.01.A states,

“In case of a discrepancy between the total bid price for an item of work and the unit price for that item of work, the unit price will control.”

Therefore, since unit price governs, a revised bid tab sheet has been established. The total bid for the second low bidder changed from \$5,270,172 to \$5,276,472. This is an increase in the total bid price by \$6,300. The table below shows the corrected bids for the Tower Tank Rehabilitation Project:

Contractor	Corrected Bid Amount
Euro Style Management	\$4,777,000
Farr Construction Corp. DBA Resource Development Company	\$5,276,472

On August 15, 2024, the EWR Department received via email a bid protest (see Attachment No. 2) from Farr Construction Corp. DBA Resource Development Company (Farr) requesting that the low bid from Euro Style Management (ESM) be deemed non-responsive due to:

- ESM did not include a qualified electrical subcontractor on their Sub-Bidder Form included in their bid package,
- ESM does not hold a C-10-Electrical Contractor License, and
- ESM cannot self-perform the electrical scope of this project with its A-General Engineering License. Farr claimed that the bidding contractor is required to have or have subcontracted with a firm with a C-10-Electrical Contractor License.

The City Staff has reviewed the bid protest and coordinated with the City Attorney’s Office and outside Legal Counsel and is of the opinion that Euro Style Management is a responsive and responsible bidder for the following reasons:

1. Since the bid protest notification, ESM has provided the City with a Bid Protest Response letter (see Attachment No. 3) confirming that they have an A-General Engineering License, B-General Building License, and C-33-Painting and Decorating License. ESM also has an electrical in-house foreman that carries a C-10-Electrical License (lic #428558) to execute the electrical scope of work.
2. ESM has confirmed that they will self-perform the electrical and instrumentation work on this project (see Attachment No. 4).

On August 21, 2024, EWR Staff sent out a letter (Notice of Intent to Award) to all responsive bidders of the Tower Tank Rehabilitation Project informing them that on August 27, 2024 at 6:30 p.m. the City Council will consider awarding construction of the Tower Tank Rehabilitation Project to Euro Style Management (see Attachment No. 5). This letter was also posted to www.ciplist.com.

Based on the foregoing, Staff in conjunction with the City Attorney’s Office and Outside Legal Counsel recommends denying the bid protest from Farr Construction. Euro Style Management is the lowest responsible and responsive bidder who meets the requirements and specifications set forth in the invitation for bids. The engineer’s estimate for this project was \$4,800,000.

FINANCIAL IMPACT

The EWR Department recommends that the contract be awarded to the lowest responsible, responsive bidder, Euro Style Management for \$4,777,000 with the project budgeted for this agreement in the amount of \$5,493,550 which will include a 15% contingency in the amount of

\$716,550. A contingency of 15% is recommended for this project due to the unknown tank condition issues that will not be fully discovered until the construction phase is underway.

Approximate project costs to date include design, advertisement, Community Development Department Building Permit fees, construction administration services, and construction management and inspection services, and total approximately \$1,042,345. The Tower Tank Rehabilitation Project (Project WA2402) is included in the FY 2024-25 Capital Improvement Plan with a total project budget of \$4,363,950. An appropriation is therefore needed for construction costs, and staff is requesting an appropriation of \$2,171,945 in the Water Operating Fund (Fund 520) for an updated total project budget of \$6,535,895. Sufficient funds are available in the Water Operating Fund (Fund 520) for the appropriation.

ENVIRONMENTAL REVIEW

This project is replacement and/or improvement of existing infrastructure with negligible or no expansion of use and therefore is categorically exempt from environmental review under the California Environmental Quality Act as noted in Title 14 – California Code of Regulations, Chapter 3 – Guidelines for Implementation of the California Environmental Quality Act, Article 19 – Categorical Exemptions, Sections 15301 (Existing Facilities) and 15302 (Replacement or Reconstruction).

ATTACHMENTS

1. Resolution No. 11246 – A Resolution Authorizing the City Manager to Execute an Agreement with Euro Style Management for the Construction of the Tower Tank Rehabilitation Project (Project WA2402) and Appropriation of Funds
2. Bid Protest Email from Farr Construction
3. Bid Protest Response Letter from Euro Style Management
4. Euro Style Management Email Confirming Self-Performing Electrical Work
5. Notice of Intent to Award to Euro Style Management

Submitted,

Marcus Yasutake, Director
ENVIRONMENTAL AND WATER RESOURCES DEPARTMENT

ATTACHMENT 1

RESOLUTION NO. 11246

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH EURO STYLE MANAGEMENT FOR THE CONSTRUCTION OF THE TOWER TANK REHABILITATION PROJECT (PROJECT WA2402) AND APPROPRIATION OF FUNDS

WHEREAS, the City has identified this project as a priority to maintain integrity and operation of the water distribution system; and

WHEREAS, the rehabilitation work identified to enhance the City's water distribution system and to continue to provide reliable water service to the City includes rehabilitating Tower Tank, Foothills Tanks No. 1 and No. 2, South Tank, and East Tank No. 2; and

WHEREAS, plans and specifications were prepared for this work and publicly advertised for bids on July 10, 2024; and

WHEREAS, the City received a bid protest from Farr Construction Corp. DBA Resource Development Company, which Staff in conjunction with the City Attorney's Office and outside Legal Counsel, reviewed and deemed to not be valid and therefore denied; and

WHEREAS, on August 21, 2024, EWR Staff sent out a letter (Notice of Intent to Award) to all responsive bidders of the Tower Tank Rehabilitation Project informing them that on August 27, 2024 at 6:30 p.m. the City Council will consider awarding construction of the Tower Tank Rehabilitation Project to Euro Style Management; and

WHEREAS, Euro Style Management was the lowest responsive bidder, with an amount of \$4,777,000; and

WHEREAS, sufficient funds are available in the in the Water Operating Fund (Fund 520), however an appropriation in the amount of \$2,171,945 is needed for the project, increasing the overall project budget to \$6,535,895; and

WHEREAS, the agreement will be in a form acceptable to the City Attorney:

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom authorizes the City Manager to execute an agreement with Euro Style Management for the Construction of the Tower Tank Rehabilitation Project (Project WA2402) for an amount of \$4,777,000 with the budgeted amount to include a 15% contingency of \$716,550 for a total amount not to exceed \$5,493,550; and

BE IT FURTHER RESOLVED that the Finance Director is authorized to appropriate \$2,171,945 for this agreement. The appropriation will be from the Water Operating Fund (Fund 520) fund balance in the amount of \$2,171,945.

PASSED AND ADOPTED this 27th day of August, 2024, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

Michael D. Kozlowski, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK

ATTACHMENT 2

Kelsie Gugino

From: Jeff Farr <jfarr@resourcedevelopmentco.com>
Sent: Thursday, August 15, 2024 8:34 PM
To: Kelsie Gugino; Todd Eising
Cc: Nick Stefan; Stephanie Pauley
Subject: City of Folsom Miscellaneous Tank Rehab Protest Letter

Follow Up Flag: Follow up
Flag Status: Flagged

Some people who received this message don't often get email from jfarr@resourcedevelopmentco.com. [Learn why this is important](#)

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Kelsie, Todd

I am writing this email expressing our concerns regarding Euro Style Management recent sub-contractor listing (just received today) related to the City of Folsom Miscellaneous Tank Rehab Project that bid on 8/12/2024. Euro Style Management has failed to include a qualified electrical subcontractor on their list of subcontractors. Furthermore, Euro Style Management does not hold an electrical license, and cannot self-perform the electrical scope with its General Contracting License. The bidding contractor is required to have or have subcontracted with a firm with a C-10 California Contractors License, which they do not have and have not listed a qualified subcontractor with a C-10. This oversight is material and therefore deems Euro Style Management Non-Responsive. This makes Resource Development Company the lowest responsive Bidder. The contract must be awarded to Resource Development Company (RDC) under the bid specs and approval law. RDC reverses all rights.

Thank you

Sincerely,
Jeff Farr

Office: (775) 356-8004 Cell: 775-842-9174
Address: 1050 Linda Way, Sparks, NV 89431

Farr Construction Corporation dba.



ATTACHMENT 3

Euro Style Management

1401 Main Ave Sacramento CA 95838
Office: 916-331-4858, Fax 916-880-5504
Email Address: support@esm.cc
License No. 841418 A, B, C-33
SSPC Certified QP1 & QP2
SBE # 60442
DIR # 2000001358

August 20, 2024

BID PROTEST RESPONSE

To: City of Folsom
50 Natomas St
Folsom CA 95630

Attn: Kelsie Gugino, P.E.

According to the bid documents required the bidding contractors to either be an A-General Engineering contractor, or a C-33 Painting and Decorating contractor with an A-licensed subcontractor to perform all non-coating related work.

ESM holds A-General Engineering, B-General Building, and C33-Painting and Decorating licenses, and for many years has been performing complex tank rehabilitation projects. ESM's A- license covers all aspects of the project, including those that are or could be subcontracted to specialty subcontractors. Business and Professions Code section 7056 in pertinent part can undertake "fixed works requiring specialized engineering knowledge and skill, including the following divisions or subjects: . . . **water power, water supply**, . . . sewers and sewage disposal plants and systems, waste reduction plants, . . . refineries, chemical plants and similar industrial plants requiring specialized engineering knowledge and skill, powerhouses, powerplants and other utility plants and installations. . . ."

https://www.cslb.ca.gov/About_Us/Library/Licensing_Classifications/Licensing_Classifications_Detail.aspx?Class=A

ESM satisfies these requirements and can legally self-perform the entirety of the work with qualified people if it chooses, or subcontract portions of the work as was indicated with ESM's listed subcontractors. However, in response to Farr Construction; ESM has an Electrical in-house foreman that carries a C-10 (lic #428558) to execute the electrical scope of work.

Sincerely,



Vitaliy Bugriyev C.E.O

ATTACHMENT 4

Kelsie Gugino

From: ESM <support@esm.cc>
Sent: Tuesday, August 13, 2024 1:59 PM
To: Kelsie Gugino
Cc: Emma Atkinson
Subject: RE: Tank Rehab Project - Bid Questions

Follow Up Flag: Follow up
Flag Status: Completed

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hello Kelsie,
We confirm that Euro Style Management will self-perform Bid Items : 11-15, 28, 31, 33 and 36. I also requested experience statements from our Scaffolding and Cathodic Protection Subs.

Thank you,
Alan Bugriyev
Euro Style Management
1401 Main Ave Sacramento CA 95838
916-331-4858

From: Kelsie Gugino <kgugino@folsom.ca.us>
Sent: Tuesday, August 13, 2024 12:36 PM
To: Euro Style Management <support@esm.cc>
Cc: Emma Atkinson <eatkinson@folsom.ca.us>
Subject: Tank Rehab Project - Bid Questions

Hi Alan,

I'm verifying the bid results for the Miscellaneous Tank Rehabilitation Project and I had a few questions about the Euro Style Management bid.

- On the Sub-Bidder Form, I see that you included Sub-Contractors for the Cathodic Protection System and for Scaffolding. The City's requirement is that if a Contractor contracts with a Sub-Contractor that will be performing work more than 0.5% of the Total Cost Base Bid, then they need to be listed on the Sub-Bidder Form.
 - o I wanted you to confirm that Euro Style Management will be self-performing the following work since there were no other sub-contractors listed on the Sub-Bidder Form (performing more than 0.5% of the work). Please confirm.
 - Construction Facilities and Temporary Controls (Bid Item #4).
 - Rafter Replacement (BI #11 and #12)
 - Seal Weld Roof (BI #13)
 - Staircase and Guardrail (BI #14)
 - Access Catwalk Bridge (BI #15)

- Storm Drain Modifications (BI #28)
 - Pre-Engineered Canopy (BI #31)
 - Electrical and Instrumentation Upgrades (BI #33)
 - All Other Ancillary Work (BI #36)
- Also per the Special Provisions Section SP-5, please submit the Sub-Contractors' applicable project experience within 3 days of the bid opening (by Thursday (8/15) at 3pm).

Please respond to this email by 3pm today.

Thanks,



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Kelsie Gugino, P.E.
Associate Civil Engineer



City of Folsom
50 Natoma Street, Folsom, CA 95630
kgugino@folsom.ca.us
o:916-461-6166



www.folsom.ca.us

ATTACHMENT 5



ENVIRONMENTAL AND WATER RESOURCES DEPT
50 NATOMA STREET
FOLSOM, CALIFORNIA 95630

PH: 916.461.6162
FAX: 916.351.8912

CITY OF
FOLSOM
DISTINCTIVE BY NATURE

August 21, 2024

Bidders: Miscellaneous (Tower) Tank Rehabilitation Project

**SUBJECT: NOTICE OF INTENT TO AWARD FOR THE MISCELLANEOUS
(TOWER) TANK REHABILITATION PROJECT**

Please be advised that it is the intent of the City of Folsom to award the Miscellaneous (Tower) Tank Rehabilitation Project to Euro Style Management at the **August 27, 2024 City Council Meeting**. This meeting will be held at **6:30 p.m.** at **Folsom City Hall Council Chambers, 50 Natoma Street, Folsom, CA 95630**.

All bidders shall provide a written notice to the City of Folsom regarding any dispute and/or protest regarding the Miscellaneous (Tower) Tank Rehabilitation Project. Written notice was required to be received by the City of Folsom no later than **Thursday, August 22, 2024 at 3:00 p.m.** For questions and clarifications please email kgugino@folsom.ca.us.

Sincerely,

A handwritten signature in blue ink that reads "Marcus Yasutake". The signature is written in a cursive, flowing style.

Marcus Yasutake, P.E.
City of Folsom
Environmental & Water Resources Department Director