

AGENDA STAFF REPORT

MEETING NAME: REGULAR BOARD MEETINGS

MEETING DATE(S): APRIL 17, & 21 2025

FROM: ERIC WECK, P.E., ENGINEERING MANAGER

FOR: ACTION X DIRECTION _____ INFORMATION _____



REJECTION OF CONSTRUCTION BIDS FOR THE GQPP AD-18 AREA D-3 SEWER CONSTRUCTION AND WATER LINE REPLACEMENT PROJECT

STAFF RECOMMENDATION

It is the staff's recommendation to reject all bids and not proceed with the construction of the Area D-3 Sewer Construction and Water Line Replacement Project due to increased construction costs.

SUMMARY

In December 2024, MSWD solicited construction bids for the Groundwater Quality Protection Plan and received bids from nine contractors, with the lowest bid from Borden Excavating, Inc. in the amount of \$2,696,628.00. Area D-3 encompasses a total of 102 parcels, which include 82 improved parcels and 20 unimproved parcels.

ANALYSIS

Staff has met with the Board of Directors several times over the past few months to review and analyze the proposed construction bid from Borden Excavation Inc., against the available funding from the Department of Water Resources and Assessment District 18 proceeds. Sub-area D-3 is located within AD-18 and was established in December 2019 by the voters of that Assessment District. Since that time, construction costs have significantly risen to a point where it would require the District to subsidize the project to close the shortfall of both the grant (\$875,000) and the Assessment District Proceeds (\$815,966.12). Given the substantial subsidy required by the District, staff recommend rejecting all bids received.

FINANCIAL DATA		
Cost Associated with this action:	\$0	
Current FY cost:	\$0	
Future FY cost:	\$0	
Is it covered in current year budget:	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
Budget adjustment needed:	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
If yes, year needed:	NA	
All previous contracts including dates, amounts and board approvals are attached or have been made available.		
FUNDING SOURCES		
Source of funds:	CIP	
BID/Job#	11693	
Current BID/Job balance	\$2,272,176.11	
Balance remaining if approved:	\$2,272,176.11	

FISCAL IMPACT & STRATEGIC PLAN IMPLEMENTATION

Awarding the project to Borden Excavation, Inc. will require a budget augmentation of \$1,740,506.18, which equates to \$17,063.79 per lot. This action of awarding the Area D-3 Sewer Improvement Project would not support the implementation of the District's Strategic Plan.

ATTACHMENTS

Bid Summary