

Presented by:
City Manager
Action Taken:
Yes____
No____
Abstain____

CITY OF NOME, ALASKA

RESOLUTION NO. R-23-11-02

A RESOLUTION REJECTING ALL BIDS FOR THE CITY HALL HEATING AND VENTILATION PROJECT AND DIRECTING THE MANAGER TO NEGOTIATE WITH LOW BIDDERS

WHEREAS, the City of Nome issued an invitation to bid (“ITB”) for the Nome City Hall –Heating and Ventilation Upgrades (the “Project”) contract;

WHEREAS, scope of the work is summarized as upgrades to the heating and ventilation systems at City Hall to improve their performance and resilience by addressing deferred maintenance items, bringing the systems up to current codes and standards, improving equipment controls, and generally modernizing the heating and ventilation systems with new boilers, pumps, air handlers, heating piping and duct work, alarm system and new controls to operate all equipment on site and remotely;

WHEREAS, the deadline to submit bids was November 2, 2023;

WHEREAS, the City two bids, both determined to be responsive bids from responsible bidders, Sturgeon Electric and Ahtna Global;

WHEREAS, Sturgeon Electric Company, Inc. bid \$1,598,500;

WHEREAS, Ahtna Global, LLC bid \$2,192,687;

WHEREAS, the budget for the Project is \$1.2 million;

WHEREAS, NCO 17.40.170 provides that the city may reject all bids if the manager or council determines that it is in the best interest of the city to do so; and

WHEREAS, NCO 17.40.110(f) provides that where the lowest responsive bid from a responsible bidder exceeds the amount of funds available that, upon a finding that the efficient operation of the city government requires that the contract be awarded without delay, the city may negotiate with one or more of the lowest responsive and responsible bidders and may award the reduced contract to the bidder that agrees to the best negotiated terms;

NOW, THEREFORE, BE IT RESOLVED by the Nome Common Council that:

1. **Findings.** The city manager, following consultation with the finance department has certified that the amount of funds available for the Project is \$1,200,000.00. The lowest responsive is approximately one-third greater than the amount of funds available. Rejecting all bids for the Project is in the best interest of the city because the lowest responsive bid significantly exceeds the funds available for the Project.

The date of substantial completion for the Project set forth in the ITB is September 15, 2024. This date of substantial completion is intended to accommodate long-lead time materials necessary for the Project while ensuring that the city enjoys the benefits of improvements to the City Hall heating and ventilation system in the fall and winter of 2024.

The project engineer has opined that the time necessary to reduce the scope of work (re-design) and re-bid the project will result in missing the 2024 construction season. Substantial completion of the Project would likely be pushed into the 2025 construction season. Construction costs have increased significantly over the past several years and it is likely that pushing the Project into the 2025 construction season would result in greater cost to the city than if the Project, reduced in scope, is completed in the 2024 construction season.

Given the importance of completing the heating and ventilation improvements prior to fall and winter 2024 and commitment cost savings achieved through the improvements and the avoidance of a more costly project in 2025, the council finds that the efficient operation of the city government requires that the contract be awarded without delay.

2. **Rejection of Bids.** All bids received for the Project are hereby rejected.

Directive to Negotiate. The city manager is directed to negotiate, in consultation with the project engineer, with the two bidders who submitted responsive bids for a reduced contract for the Project. When such negotiations have concluded, the manager shall present to the council a proposed contract containing the best negotiated terms for the council to determine award of the contract.]

APPROVED and **SIGNED** this 13th day of November, 2023.

JOHN HANDELAND, Mayor

ATTEST:

JEREMY JACOBSON, Deputy City Clerk