

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: General Services

AGENDA DATE: October 27, 2009

CONTACT PERSON/PHONE: Stuart Ed – Director, General Services (915) 621-6822
Terrence Freiburg – Purchasing Manager (915) 541-4313

DISTRICT(S) AFFECTED:

SUBJECT:

APPROVE a resolution / ordinance / lease to do what? OR AUTHORIZE the City Manager to do what? Be descriptive of what we want Council to approve. Include \$ amount if applicable.

Reject the following bids: 2009-115 – Interior and Exterior Paintings for Various City Buildings
2009-267 – Minor General Contractor Services
2009-271 – Minor Roofing Services

BACKGROUND / DISCUSSION:

Discussion of the what, why, where, when, and how to enable Council to have reasonably complete description of the contemplated action. This should include attachment of bid tabulation, or ordinance or resolution if appropriate. What are the benefits to the City of this action? What are the citizen concerns?

The General Services Department – Facilities Division is recommending the rejection of the above bids. The prices were over 100% higher when compared to the current pricing.

PRIOR COUNCIL ACTION:

Has the Council previously considered this item or a closely related one?

N/A.

AMOUNT AND SOURCE OF FUNDING:

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

N/A.

BOARD / COMMISSION ACTION:

Enter appropriate comments or N/A

N/A.

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:

(If Department Head Summary Form is initiated by Purchasing, client department should also sign)

Information copy to appropriate Deputy City Manager

PROJECT FORM

FINANCIAL SERVICES DEPARTMENT, PURCHASING DIVISION

DATE: October 15, 2009
TO: Municipal Clerk
FROM: Terrence Freiburg, ext. 4313
Edward Hyatt, ext. 4315
Administrative Analyst, ext. 4315

Please place the following item on the **CONSENT** Agenda for the Council Meeting of Tuesday, **October 27, 2009**.

Item should read as follows:

Request rejection of all bids for Solicitation Nos. 2009-115 Interior and Exterior Painting for Various City Buildings, 2009-267 Minor General Contractor Services, and 2009-271 Minor Roofing Repairs as recommended by Financial Services Department-Purchasing Division and General Services Department-Fleet Division. Pricing on these bids was significantly higher when compared to pricing on previous projects.

Department: General Services – Fleet Division
Option: N/A
Estimated Amount: N/A
Funds Available in: N/A
Funds Source: N/A
District (s): All

Municipal Clerk's Use

ITEM NO. _____

cc: BID FILE

Dedicated to Outstanding Customer Service for a Better Community

S E R V I C E S O L U T I O N S S U C C E S S



To: Terry Freiburg, Purchasing Manager
From: Stuart Ed, General Services Director
Date: October 21, 2009
Re: Bid Solicitations, Minor Construction Services

Recently bid solicitations were processed for minor construction services involving roofing, minor general contractor services and interior/exterior painting. Those bid solicitations include:

- 2009-271 - Minor Roofing Repairs
- 2009-267 - Minor General Contractor Services
- 2009-115 - Interior and Exterior Painting for Various City Buildings

During the review of the solicitations an anomaly surfaced. The bids were unusually high and the bid spread from high to low was nearly 200% or more in almost every category. For example, a sheet metal worker rate was from \$27.16 low to \$70.00 high bid; a painter rate was \$14.20 low to \$75.00 high bid; a roofer rate was \$14.25 low to \$95.00 high bid. Such substantial spreads in bid response pricing often indicate issues regarding the bid solicitation itself.

Additionally, the resulting prices General Services would incur resulting from the bids are substantially higher than past historic prices paid by for these types of work. For instance, an exterior painting project bid at 100 hours for project labor under our previous contract would have been \$1,050; the cost under the new bid would be \$2,295. This equates to a difference of \$1,245, or an increase of 119%.

General Services staff suspects adjustments to the bid specifications and requirements from prior solicitations resulted in these much higher prices. One of the changes we feel substantially impacted the bid results was the requirement for payment and performance bonding. Fifty percent of the bidders were eliminated from bidding because they either could not or did not submit bonds. These same bidders were HUB vendors as well. The remaining bids were so high that if pursued less than half of the General Services Department projects for FY 2010 could not be undertaken.

Mayor
John F. Cook

City Council

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Ann Morgan Lilly

District 2
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District 3
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District 4
Carl L. Robinson

District 5
Rachel Quintana

District 6
Eddie Holguin Jr.

District 7
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District 8
Beto O'Rourke

City Manager
Joyce A. Wilson

General Services
Director
Stuart C. Ed

GENERAL SERVICES DEPARTMENT

1059 Lafayette Drive - El Paso, Texas 79907 - (915) 621-6822

Date: October 21, 2009
Re: Bid Solicitations, Minor Construction Services
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We are asking City staff to revisit the requirement for payment and performance bonding in these three bids. Although the total amount of the bids are large (painting 3-year bid totaling \$510,000, minor construction services 2-year bid for \$420,000, and roofing 2-year bid for \$200,000), the individual projects themselves implemented under each bid are typically less than \$10,000. We believe the means to control service and material performance on each sub-project under the larger umbrella contracts is better achieved by withholding payment for each job until they are satisfactorily completed (as has been done routinely in the past) rather than bonding.

Accordingly, we are recommending that these solicitations not be awarded by City Council. General Services may have no choice but to develop other means to affordably procure these services in the future. We may get three quotes on a project-by-project basis (very time consuming and staff intensive) or follow up on the "Harris County" option for services.

If you have any further questions or need additional information, my phone number is 621-6822.

CC: Patricia Aauto, Deputy City Manager
Charlie McNabb, City Attorney
Carmen Arrieta-Candelaria, Chief Financial Officer

GENERAL SERVICES DEPARTMENT

1059 Lafayette Drive - El Paso, Texas 79907 - (915) 621-6822