



City of Prineville

387 NE THIRD STREET ♦ PRINEVILLE, OREGON 97754

DEPARTMENT OF PUBLIC WORKS

ENGINEERING DEPARTMENT

Phone: (541)447-2357 FAX: (541) 447-5628

EMAIL: eklann@cityofprineville.com Website: www.cityofprineville.com

Issue Summary Report: City of Prineville Council Meeting June 28, 2011

Topic: Rejection of all bids for the 2011 Downtown Core Grind and Inlay Project

Overview:

The City of Prineville Street Department recently sought bids for services related to the rehabilitation of approximately 215,068 square feet of City Streets. The following streets would have the existing asphalt wearing surfaces ground two inches and would be finished with an asphalt inlay.

- NE 7th St. from N. Main St. to NE Garner St.
 - 78,307 sq. ft. 2 inch grind
 - 979 tons asphalt inlay (2 inch)
- NE 4th St. from N. Main St. to NE Court St.
 - 26,304 sq. ft. 2 inch grind
 - 375 tons asphalt inlay (3 inch tapered to 2 inch)
- NE Belknap St from NE 5th St to 1st St.
 - 63,305 sq. ft. 2 inch grind
 - 905 tons asphalt inlay (3 inch tapered to 2 inch)
- NE Court St from NE 4th St to 1st St.
 - 47,152 sq. ft. 2 inch grind
 - 674 tons asphalt (3 inch tapered to 2 inch)

With the recent variability in crude oil significantly impacting asphalt pricing, the City wanted to ensure that the maximum infrastructure improvements were complete with available funds. If funds allowed, the City of Prineville desired to include the following optional bid items.

1. Two inch asphalt overlay on NE 10th St. from N. Main St. to NE Elm St.
 - a. 46,840 sq. ft. 2 inch overlay
 - b. 586 tons of asphalt
2. NE 5th St from N. Main St. to NE Belknap St.
 - a. 15,904 sq. ft. 2 inch grind
 - b. 227 tons asphalt (3 inch tapered to 2 inch)
3. NE 2nd St from N. Main St to NE Fairview St.
 - a. 22,720 sq. ft. 2 inch grind (8 feet out from each curb)
 - b. 284 tons asphalt inlay (2 inch)

The bid documents presented included a total base bid price as well as a total bid amount which included the base bid as well as the three alternatives. In the bid document, it was stated that the

City reserved the right to delete Bid items. The Bid documents also stated that all bids may be rejected if it is in the City's best interest to do so.

Unfortunately, the method of award was not clearly specified in the bid document. It was the intention of staff that the total bid amount including the base bid and the three alternatives would be used to determine the low bid, and alternatives may be removed to coincide with available funding. However, the bid document did not specify which bid total would be used to determine low bid.

In this instance, one contractor had the lowest base bid while another contractor had the lowest total bid (base bid plus alternatives).

ORS 279B.100 states: Any solicitation or procurement described in a solicitation may be canceled, or any or all bids or proposals may be rejected in whole or in part, when the cancellation or rejection is in the best interest of the contracting agency as determined by the contracting agency. The reasons for the cancellation or rejection must be made part of the solicitation file. A contracting agency is not liable to any bidder or proposer for any loss or expense caused by or resulting from the cancellation or rejection of a solicitation, bid, proposal or award.

This issue has now been clarified in the standard bid document and will not present a problem in the future.

Recommendation:

Staff has discussed this issue with Legal Counsel and recommends that it is in the City's best interest to reject all bids and rebid the project clarifying how award will be made. This delay should not present an issue with project completion.

Staff recommends Council reject all bids for the 2011 Downtown Core Grind and Inlay Project because of ambiguous provisions in the solicitation document and direct Staff to rebid the project.