



August 11, 2015

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Specification No. ITB GO 15-118 (G-331) for as-needed pipeline construction projects; award the contract to ARB, Inc., of Lake Forest, CA, in an annual amount not to exceed \$5,500,000; and authorize the City Manager or his designee to execute a contract and any necessary amendments thereto, including increases to unit pricing as specified in the agreement (not to exceed 5 percent in year two, 5 percent in year three, and 5 percent in year four), for a term of two years, with the option to renew for two additional one-year periods at the discretion of the City Manager. (Citywide)

DISCUSSION

City Council approval is requested to enter into a contract with ARB, Inc., for as-needed pipeline construction projects. The Long Beach Gas and Oil Department (LBGO) is requesting approval of specifications and construction activities identified in bid G-331. This is an annual construction contract providing LBGO with fixed unit prices to replace and relocate steel gas pipelines. The work complies with federal regulations by addressing priorities identified in LBGO's Distribution Integrity Management Plan, which classifies system weaknesses and specific measures necessary to ensure the safe and efficient delivery of natural gas to LBGO customers.

This is an on-call contract where work is only done by the contractor based on individual work orders issued by the City. Payment to the contractor under this contract will be based on the number of work orders issued by LBGO and fully completed by the contractor. The contract does not include any guaranteed minimum payment or retainer fee to the contractor. These specifications anticipate \$2,500,000 of annual work by LBGO for gas distribution integrity projects and approximately \$3,000,000 of annual relocation work by LBGO for projects that will be funded from sources other than LBGO, including the Port of Long Beach, California Department of Transportation, and Orange County Transit Authority.

HONORABLE MAYOR AND CITY COUNCIL

August 11, 2015

Page 2

The contract specifications allow for an extension of the contract for up to two additional one-year periods. In the event that a renewal option is exercised, LBGO will provide advance notification to the contractor and require proposed price increases to be submitted to LBGO for approval at least 60 days prior to expiration of the contract. LBGO reserves the right to accept or reject any price increase or to cancel the contract.

The bid was advertised in the Press-Telegram on May 15, 2015, and 3,419 potential bidders specializing in construction services were notified of the bid opportunity. Of those bidders, 42 downloaded the bid via our electronic bid system. The bid document was made available from the Purchasing Division, located on the seventh floor of City Hall, and the Division's website at www.longbeach.gov/purchasing. A bid announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 30 local, minority, and women-owned business groups. One bid was received on July 8, 2015. ARB, Inc., of Lake Forest, CA (not a MBE/WBE/SBE/Local), was the lowest responsible bidder.

Local Business Outreach:

In an effort to align with our outreach goal, Long Beach businesses are encouraged to submit bids for City contracts. The Purchasing Division also assists businesses with registering on the Bids Online database to download the bid specifications. Through outreach, 310 Long Beach vendors were notified to submit bids, of which 5 downloaded and none submitted a bid. The Purchasing Division is committed to continuing to perform outreach to local vendors to expand the bidder pool.

This matter was reviewed by Deputy City Attorney Richard Anthony and by Budget Management Officer Victoria Bell on July 22, 2015.

TIMING CONSIDERATIONS

City Council action to adopt Specification No. ITB GO 15-118 and award a contract concurrently is requested on August 11, 2015, to ensure that the contract is in place expeditiously.

FISCAL IMPACT

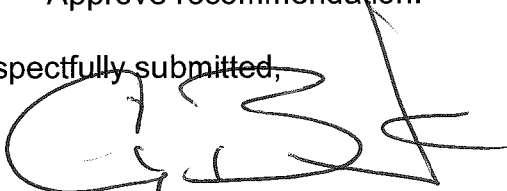
The contract award is for a total annual amount not to exceed \$5,500,000. All materials are purchased directly by LBGO under separate agreements with other vendors to ensure items meet safety specifications. Sufficient funding is budgeted in the Gas Fund (EF 301); in the Long Beach Gas and Oil Department (GO). The award of this contract will provide continued support to our local economy by assisting in the preservation of employment for five full-time employees residing in Long Beach.

HONORABLE MAYOR AND CITY COUNCIL
August 11, 2015
Page 3

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



For
CHRISTOPHER J. GARNER
DIRECTOR OF LONG BEACH GAS AND OIL



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

CJG:SCB
CCL 8-11-15.ITB GO15-118 ANNUAL STEEL CONTRACT.DOC

APPROVED:



PATRICK H. WEST
CITY MANAGER