

# South Tahoe

Public Utility District

## Memorandum

Date: April 18, 2023

To: Board of Directors  
John Thiel, General Manager

From: Adrian Combes, Senior Engineer

Subject: Recommendation for Bid Award  
2023 Barton Area Valve Installation Project

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Bids were opened on Friday, April 14, 2023, at 10:00 a.m. Two (2) bids were received. The bid amounts were \$340,265 and \$440,973. The Engineer's Estimate for the project was \$311,000. A summary of all bids received, including bid irregularities, is included in the attached memorandum.

As indicated in the attached memorandum and summary by the Purchasing Agent, Staff has found irregularities in both bids received. There is an important distinction, however, between irregularities that are immaterial and ones that are material. Immaterial irregularities may be waived by the Governing Board, in its discretion. Material irregularities generally give the bidder an unfair competitive advantage or contain errors that would permit the bidder to withdraw its bid. Material irregularities may not be waived.

The apparent low bid received from LaFleur Excavating, Inc. did not include a hard copy, original Bid Bond (Bid Security) at the time of bid opening as required by the contract specifications and California law. The second apparent low bid received from Haen Constructors did include an original, hard copy Bid Bond at the time of bid opening.

It has been a long-standing requirement of the District that a valid original Bid Security be provided to the District at the time of bid opening. The requirement for a valid, hard copy original Bid Bond is listed in the second paragraph in the Invitation to Bid as well as on page 4, second paragraph of the General Bid Instructions, Terms & Conditions. It is in the opinion of staff that if the District does not have a valid Bid Security in hand, a bidder could have the opportunity to withdraw their bid which provides a material advantage over other bidders.

Additionally, during investigation to verify the listed liability insurance company for LaFleur Excavating, the insurance company in question showed the license status as "withdrawn". After following up with the District's Insurance company (JPIA) and consulting with the California Department of Insurance website, this appears to also be a material irregularity that would deem the low bidder non-responsive. We have inquiries into their insurance

company as well as ours and have not been able to finalize this determination, however because of the issue with the bid bond, this is a moot point. Staff recommends that the Board find LaFleur Excavating, Inc. non-responsive and reject their bid based on the absence of a hard copy bid bond, a material deviation from the Bid Security Requirements.

As indicated in the summary prepared by the Purchasing Agent, there are four minor deviations with the bid received from Haen Constructors. The minor deviations do not impact the bid price and have not provided Haen with a competitive advantage over other bidders, thus they may be waived by the Board as immaterial deviations.

Staff recommends that the Board 1) Find the bid received from LaFleur Excavating, Inc. to be non-responsive and reject their bid 2) Find minor irregularities in the bid from Haen Constructors to be immaterial and waive immaterial irregularities; and 3) Award Project to the lowest responsive, responsible bidder, Haen Constructors. in the amount of \$440,973.