



Administrative Report

H.10., File # 26-0070

Meeting Date: 1/20/2026

To: **MAYOR AND CITY COUNCIL**
From: **ANDREW WINJE, PUBLIC WORKS DIRECTOR**

TITLE

REJECT ALL BIDS FOR THE PALLET SHELTER EXPANSION 2025 PROJECT, JOB NO. 2200/2201 AND DIRECT STAFF TO REVISE THE SCOPE OF THE PROJECT AND RE-ADVERTISE THE UPDATED CONSTRUCTION DOCUMENTS

EXECUTIVE SUMMARY

On August 19, 2025, the City Council approved plans and specifications for the Pallet Shelter Expansion 2025 Project, Job No. 2200/2201 (Project). On November 5, 2025, three bids were received and publicly opened. The apparent low bid for the Project exceeds the available Project budget by roughly \$500,000, without accounting for contingency and construction management costs. In addition, the City is in receipt of bid protests against the two lowest apparent bids. If the protests are substantiated, the potential award would be to an even higher bid amount and require substantially more funding. Therefore, staff recommends the City Council reject all bids and direct staff to work with the designer to value engineer certain elements of the Project to lower costs where possible and to re-advertise the Project.

BACKGROUND

On October 16, 2025, the Project was advertised. The three received bids were publicly opened on November 5, 2025. The apparent lowest bidder's base bid was reported as \$1,494,950 at the time of the bid opening. Subsequent to bid opening, the City received bid protests against the two lowest apparent bids. If the protests are substantiated, the potential award to a higher bid would increase the gap in available Project funding. The funding available for construction of the Project totals only \$1,098,298.

The initial \$1,568,000 estimated cost was provided in a FY 2023-24 Budget Response Report (BRR) and included approximately \$145,000 for civil design costs, \$27,000 for electrical design cost and \$300,000 for the direct purchase of 25 Pallet Shelter Units. This left an estimated \$1.1 million for construction, which is insufficient to award any of the bids received. The variance from the BRR estimate and the bids received can be attributed to various items such as the comprehensive electrical scope to connect each unit to the undergrounded power system at the new site, as well as the existing facility, the inclusion of Wi-Fi communication equipment to provide internet services, the addition of pole lighting, site furnishings, larger retaining walls to support perimeter fencing per structural calculations, trench drains for adequate site drainage, and a water fountain with supply line. The BRR estimate did not have the benefit of the advanced design development when it was prepared.

Staff believes the overall scope of the Project can be reduced to close and potentially eliminate the funding gap. In particular, upon a post-bid preliminary value engineering “spot check,” the design team noted possible electrical scope reductions that could significantly reduce cost. Staff plans to reconsider the electrical scope and coordinate with the Community Development Department on viable electrical system installation alternatives, such as aerial feeders or minimizing configuration work for the electrical system, that will result in reduced bidding.

In the meantime, it is recommended the City Council reject all bids publicly opened on November 5, 2025, direct staff to value engineer and refine the Project’s scope of work, and authorize the City Clerk to re-advertise the project.

COORDINATION

The Project has been coordinated with the City Attorney’s Office, along with the Community Development and Public Works Departments.

FISCAL IMPACT

There is no fiscal impact associated with the recommendation to reject all bids. The amount of funding available for construction of the Project and identified in the approved CIP budget is \$1,098,298. Staff in the City Attorney’s Office is also exploring additional grant funding opportunities.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Bid Transmittal - November 5, 2025