



CITY OF WASILLA

290 E. HERNING AVE.
WASILLA, ALASKA 99654-7091
PHONE: (907) 373-9050
FAX: (907) 373-9085

COUNCIL MEMORANDUM NO. 93-11

From: Deputy Administrator
Date: March 1, 1993
Subject: Shop Building Seismic and Electrical Upgrade

We received three (3) bids for the structural and electrical work to upgrade the city shop building. The low bidder was H & H Construction of Wasilla.


The contract documents require a performance bond for 100% of the contract price to remain in effect for one year after project completion. H & H Construction cannot obtain a performance bond because of an earlier bankruptcy. They have offered to provide 100% security in the form of certificates of deposit during the project work and then provide real property in excess of the project value as security for the one year warranty period. Mr. Hull is willing to provide a title report and title insurance for the property and pay the legal costs for the documents.

The City Attorney advises that the innovative financing offered for the performance guarantee may be acceptable in the event there is a significant public benefit derived from the lower contract price and in the further event no competitive bid award advantage is created by allowing H & H to substitute a cash deposit (during performance) and real property security (during warranty). The cost of payment and performance bonding is about 3% of the contract amount, or say \$1,500 for the other bidders. Hence, there is still a bid price spread of about \$10,000 between the low bidder and the next lowest bidder. Therefore, the factual elements allowing Council to consider and award bid to H & H are present.

The inability of H & H to provide a regular payment and performance bond provides Council adequate reason to rule that their bid is non-responsive and to award the bid to the next lowest bidder. The other contractors are certain to make this argument and the public policy that will be reflected by Council's decision should be considered.

Although the pledge of cash and real property in lieu of a payment and performance bond is legally acceptable, the pledge of real estate departs significantly from past City policy.

Administration believes that public policy is best served by awarding the bid to the next lowest bidder, Collins Construction.


Robert E. Harris
Deputy Administrator

APPROVED

DATE: 3/8/93
BY: H. Harris

PROJECT: City Shop Seismic Upgrades

COMPILED BY: Robert E. Harris

CHECKED BY: Sandra Connolly

DATE: 2/25/93

ITEM NO	WORK DESCRIPTION	EST. QTY.	NAME:	ADDRESS:		H & H Construction		Collins Const.		Bounds Electric and Enterprises		AMT.
				UNIT	AMT.	AMT.	AMT.	AMT.	AMT.			
1.	ELECTRICAL					\$11,120.00		\$11,500.00		\$10,648.00		
2.	STRUCTURAL					\$29,300.00		\$40,799.00		\$42,000.00		
	TOTAL					\$40,420.00		\$52,299.00		\$52,648.00		

H & H Construction Co., Inc.
HC34 Box 2070
Wasilla, Alaska 99654

RECEIVED

MAR 3 1993

City of Wasilla, Alaska

March 3, 1993

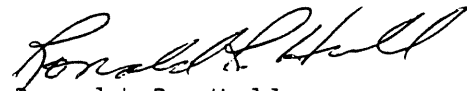
City of Wasilla
290 East Hering Avenue
Wasilla, Alaska 99654-7091

Re: Shop Building Seismic Upgrade

Dear Mayor Stein:

To secure Performance Bond and Payment Bond we will secure and pay for title insurance and attorney fees for document preparation on Lot 17 Block 3 Wasilla Heights Addition No. 1, currently appraised by the Borough Assessor for \$67,800.

Sincerely,



Ronald R. Hull
Secretary/Treasurer

RRH:jmh

MATANUSKA-SUSITNA BOROUGH

350 E. DAHLIA AVE. PALMER, ALASKA 99645-6488
(907) 745-9642



First Class Mail
U.S. POSTAGE
PAID
Palmer, Alaska
Permit No. 30

REAL PROPERTY
ASSESSMENT NOTICE ONLY THIS IS NOT A TAX BILL

ACCT. NO.	1065R03L017		ZONE	CTY
WASILLA HTS ADD #1 BLOCK 3 LOT 17				
	LAND	STRUCTURES	TOTAL	
APPRAISED VALUE	38100	29700	67800	
DEFERRED				
EXEMPT				
TAXABLE VALUE	38100	29700	67800	
ACREAGE	.87			
TAX ROLL →	REGULAR 1993			

FRESORTED FIRST-CLASS

APPEAL DEADLINE ENDS	BOARD OF EQUALIZATION BEGINS ON
3/31/93	5/05/93
1st INSTALLMENT DUE	1st INSTALLMENT DELINQUENT
8/16/93	8/17/93
2nd INSTALLMENT DUE	2nd INSTALLMENT DELINQUENT
2/15/94	2/16/94

OWNER(S) OF RECORD

HULL RONALD R & JANE M
HULL EDW D & CAROL ANN

CONTRACT BUYER(S)

IMPORTANT HC 34 BOX 2070
PLEASE READ REVERSE SIDE WASILLA AK 99654