

SUBJECT: Award of Construction Contract for GVC-GGL Subdivisions LID – Street Improvements

PREPARED BY: Public Works

DATE: July 14, 2000

FOR AGENDA OF: July 17, 2000

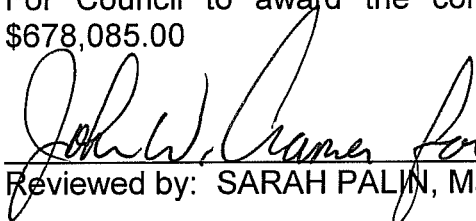
SUMMARY: The bid opening for this project was held at 2 p.m., June 13, 2000. Three bids were received. The bids were read aloud, as follows:

Wilder Construction	\$ 854,015.00
Tamsher Construction	863,044.40
Alaska Road Builders	678,085.00
Engineer's Estimate	\$ 881,550.00

I have reviewed the bids and found that Alaska Road Builders had the lowest responsive bid.

RECOMMENDED ACTION:

For Council to award the contract to Alaska Road Builders in the amount of \$678,085.00


 Reviewed by: SARAH PALIN, Mayor

Presented to council on 7-17-00
 Action taken: Approved Denied
 other _____
 Verified by W.

LAW OFFICES

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July 17, 2000

VIA FACSIMILE 1 (907) 373-9096

City of Wasilla
Attn: John Cramer
290 E. Herning Avenue
Wasilla, Alaska 99654-7091

Re: Bid Award for GVC & GGL Subdivision Improvement Project
Our File No. 505,780.1

Dear Mr. Cramer:

I write in response to your request for guidance regarding the award of the contract following the opening of bids in the above referenced project.

Based upon our communications, it is my understanding that Alaska Road Pavers submitted the low bid for this work, with Wilder Construction being the next lowest bidder at a price which was approximately \$150,000 higher. At the time the project was bid, contractors were required to include as "Addendum No. 1" a line item price for constructing several hundred feet of water main and a concrete valve vault. It is my understanding that Alaska Pavers' price for this line item was \$5,000, in contrast to prices ranging between \$50,000.00 and \$65,000.00 provided by other contractors who submitted bids. Subsequently, the City learned that construction of the water main and accompanying value vault would not be required to meet the engineer specifications. The City therefore intends to delete the Addendum No. 1 work from the project.

It is my understanding that City officials were contacted by local representatives of Wilder Construction who complained that their company's bid was inflated in some unspecified manner as a result of the work covered by Addendum No. 1, and that the elimination of this work meant the project should either be rebid or that Wilder Construction should be granted some other form of relief. The question thus presented is whether the City is obligated to provide Wilder

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City of Wasilla
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July 17, 2000
Page 2

Construction some form of relief in this matter, or whether it may award the contract to Alaska Road Pavers.

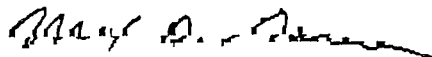
In our opinion, it appropriate for the City to go forward and award the contract to Alaska Road Pavers, with a deductive change order being issued following the award of contract to delete the work covered by Addendum No. 1. Our view in this matter is guided by the fact the Wilder Construction bid is \$100,000.00 higher than that submitted by Alaska Road Pavers even if the amount listed for the Addendum No. 1 line item is deleted entirely from the Wilder Construction bid. Notwithstanding the claims of Wilder Construction that it would have further reduced its bid if it had known that the work covered by Addendum No. 1 did not have to be performed, such intent is not readily discernible from its bid.

As the Alaska Supreme Court noted in Jensen and Reynolds Construction Company v. State, 717 P.2d 844 (Alaska 1986), the ultimate objective of the public bid process is to obtain the lowest possible price. Given the wide gap between the bids entered by Wilder Construction and Alaska Road Pavers even after the Addendum No. 1 line item is subtracted from the bids, it is clear that Alaska Road Pavers is offering the lowest possible bid and that it should therefore be awarded the contract.

I hope this addresses your questions in this matter. Should you require further assistance, please do not hesitate to contact me.

Very truly yours,

BIRCH, HORTON, BITTNER AND CHEROT



Max D. Garner

MDG/jap

