



CITY OF MARTINEZ

**CITY COUNCIL AGENDA
October 16, 2013**

TO: Mayor and City Council
FROM: Tim Tucker, City Engineer
SUBJECT: LED Street Light Upgrade
DATE: October 10, 2013

RECOMMENDATION:

Adopt resolution accepting bids for the LED Street Light Upgrade project and awarding the construction contract to Bear Electrical Solutions Inc. in the amount of \$113,220 and allocating \$33,000 of Gas Tax funds and \$42,000 of PG&E rebates to Account No. EEC1.

BACKGROUND:

In an effort to save energy, lower its electricity bill and reduce the City’s carbon emissions, City staff has been working to upgrade the City’s street light fixtures to low energy, low maintenance, LED models. During the summer and fall of 2011, the City upgraded the 180 decorative street lights in the downtown to LED fixtures. As the next phase of the project, the City is looking to upgrade the balance of the street light fixtures that are owned by the City.

This project will upgrade the remaining city-owned street lights to LED fixtures. The upgrade was originally planned to be phased in over the next two years, but with the recent drop in materials cost combined with the current availability of significant rebates from PG&E, staff is recommending that the entire project be implemented this winter. The new lights use approximately 50% less energy than the high pressure sodium (HPS) currently in use. The energy savings will result in about \$22,300 annual savings to the General fund. The annual PG&E rate savings combined with approximately \$42,000 of PG&E rebates are expected to provide a simple “payback” period of about 4 years based on electricity saved alone, without accounting for the reduction in street light maintenance costs.

DISCUSSION:

Seven bids were opened at 2:00 p.m. on Thursday, October 10, 2013 for the construction of this project. The bid schedule included: 1) a base bid for furnishing and installing 420 fixtures; 2) the base bid plus the 5 year energy cost; 3) an alternate bid schedule, which included 62 street (safety) lights at the city’s 23 traffic signals. The energy cost varied about \$1,000 per year depending on which of the two pre-approved LED manufacturers the bidder chose to provide as part of his bid. In order to incorporate the energy consumption into the selection process, the basis of award of the contract was based on the base bid plus 5 years of energy costs. The base bids ranged from \$98,720 to \$239,548 and the total bids ranged from \$113,220 to \$281,236. The Engineer’s Estimate was \$135,000 and \$159,000 respectively. Bear Electrical Solutions, Inc. of Alviso, California, is the lowest responsible bidder.

The following is a summary of the bid results:

<u>Bidder</u>	<u>Base Bid Amount</u>	<u>Basis of Award (base bid plus 5 yr energy cost)</u>	<u>Alternate bid Schedule (safety lights)</u>	<u>TOTAL Base bid plus alternate</u>
Bear Electrical Solutions, Inc.	\$98,720.00	\$144,924.00	\$14,500.00	\$113,220
NET Electric, Inc.	\$117,672.78	\$158,985.78	\$20,944.22	\$138,617
Mike Brown Electric Co.	\$131,525.00	\$177,729.00	\$17,560.00	\$149,085
<i>Engineer's Estimate</i>	<i>\$135,000</i>	<i>\$176,313</i>	<i>\$24,000</i>	<i>\$159,000</i>
Reliable Energy Services Corp.	\$140,163.00	\$181,476.00	\$19,220.00	\$159,383
W. Bradley Electric, Inc.	\$140,045.00	\$186,249.00	\$21,700.00	\$161,745
Advanced Lighting Services, Inc.	\$167,144.00	\$208,457.00	\$33,046.00	\$200,190
Tennyson Electric, Inc.	\$239,548.00	\$285,752.00	\$41,688.00	\$281,236

Bear Electrical Solutions, Inc. proposed the use of Leotek fixtures, which have a 5 year energy cost of \$46,204. This cost combined with their base bid of \$98,720 totals \$144,924, which is the lowest by more than \$14,000. Their alternate bid for the 62 safety lights is \$14,500, which would bring the total cost of the contract to \$113,220 if the alternate bid was to be accepted. Staff is recommending including the award of the alternate bid schedule.

Bear Electrical Solutions, Inc. is properly licensed and has successfully completed similar work for several other area clients. A check of their references provided favorable responses.

FISCAL IMPACT:

The project is budgeted under Account No. EEC1. Additional funds in an amount of \$75,000 are required to fully fund the project.

Currently the project budget includes \$50,000 of Gas Tax funds and \$30,000 of landscape and lighting district funds from the Brittany Hills Landscape and Lighting District 1997-1, Account No. LL913. The project was budgeted in the recently adopted 2013-14 and 2014-15 Biennial Budget. The project budget included a total of \$100,000 of Gas Tax funds, with \$50,000 budgeted in the current fiscal year and an additional \$50,000 budgeted next fiscal year. After completely scoping the project, staff determined that it would be more cost effective to implement the project all at once in the current fiscal year. Completing the project in one phase would minimize staff time associated with contract administration and more importantly would allow the City to qualify for approximately \$42,000 of PG&E rebates associated with the project that are currently available. PG&E has indicated that the rebates may not be available in future years. Staff proposes to have the PG&E

rebates for the LED fixtures allocated to the project to partially fund the implementation. The rebates are available about two months after the new fixtures are installed. Staff also proposes advancing the allocation of \$33,000 of the \$50,000 of Gas Tax funds budgeted for next fiscal year. The remaining \$17,000 of Gas Tax funds will not be required. The additional allocations of \$33,000 of Gas Tax and \$42,000 of PG&E rebates will fully fund the project.

Funding from LL913, originally budgeted at \$30,000 for costs associated with work with the Brittany Hills LLAD, is proposed to be reduced to \$15,000 to reflect the actual bid costs of upgrading the lights within the District. The excess funds will return to LL913 fund reserve.

In addition to the rebates, the new fixtures will qualify for a lower PG&E rate schedule. The full conversion of the city owned street lights to LED is expected to result in savings of \$22,300. In addition to the electrical savings, the new LED lights have a much longer useful life and are expected to significantly reduce annual maintenance efforts.

The proposed project budget and funding is as follows:

<u>Budget</u>	<u>Amount</u>
Design/Administration	\$10,000
Construction contract	\$113,220
Contingency (10%)	\$11,780
Construction Mgmt./Inspection	\$5,000
TOTAL BUDGET	\$140,000
<u>Funding</u>	<u>Amount</u>
Gas Tax funds – current funding	\$50,000
LLAD 913– current funding	\$15,000
Gas Tax funds – <i>proposed allocation (advancement of 2014/15budget)</i>	\$33,000
PG&E Rebates – <i>proposed allocation</i>	\$42,000
TOTAL FUNDING	\$140,000

ACTION:

Adopt resolution accepting bids for the LED Street Light Upgrade and awarding the construction contract to Bear Electrical Solutions, Inc. in the amount of \$113,220, and allocating \$33,000 of Gas Tax funds and \$42,000 of PG&E rebates to Account No. EEC1.

Attachment:
Resolution

APPROVED BY:



City Manager

RESOLUTION NO. -13

**ACCEPTING BIDS FOR THE LED STREET LIGHT UPGRADE PROJECT AND
AWARDING THE CONSTRUCTION CONTRACT TO BEAR ELECTRICAL SOLUTIONS,
INC. IN THE AMOUNT OF \$113,220 AND ALLOCATING \$33,000 OF GAS TAX
FUNDS AND \$42,000 OF PG&E REBATES TO ACCOUNT NO. EEC1**

WHEREAS, the City Council of the City of Martinez approved the LED Street Light Project with the adoption of the Five Year Capital Improvement Program (2013-18) and 2013-14 Biennial Budget; and

WHEREAS, City staff prepared plans, specifications and estimate for the Project; and

WHEREAS, the City advertised for bids from general engineering contractors and electrical contractors; and

WHEREAS, on October 10, 2013, seven bids were publicly opened; and

WHEREAS, BEAR ELECTRICAL SOLUTIONS, Inc. submitted the lowest responsible bid; and

WHEREAS, an additional \$75,000 in funds is required to fully fund the project; and

WHEREAS, staff recommends allocating \$33,000 of Gas Tax funds and \$42,000 of PG&E rebates to CIP Account No. EEC1; and

WHEREAS, it is deemed in the best interest of the public and the City to implement the LED Street Light Project.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Martinez that the bid of Bear Electrical Solutions is hereby accepted in an amount of \$113,220 when the required performance bond, labor and materials bond, insurance and other contract documents have been reviewed and approved by the City Attorney, and the City Manager is hereby authorized to execute a contract for said project with the contractor.

BE IT FURTHER RESOLVED, that The City Council allocates \$33,000 of Gas Tax funds and \$42,000 of PG&E rebates to Account No. EEC1.

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I HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution duly adopted by the City Council of the City of Martinez at a Regular Meeting of said Council held on the 16th day of October, 2013 by the following vote:

AYES:

NOES:

ABSENT:

RICHARD G. HERNANDEZ, CITY CLERK
CITY OF MARTINEZ