



CITY COUNCIL STAFF REPORT

MEETING DATE: May 27, 2025

ITEM TITLE: Adopt a Resolution Rejecting All Bids for the Second Floor City Hall Remodel Project C2414.

RECOMMENDATION:

Staff recommend that the City Council adopt a Resolution rejecting all bids for the Second Floor City Hall Remodel Project ("Project") C2414.

FISCAL IMPLICATIONS:

There is no fiscal impact and no additional funding is needed at this time.

Funding for the Project comes from C2414, which was recommended as part of the fiscal year 2025-26 budget with a total dollar amount of \$1,750,000.

BACKGROUND:

As part of the competitive bidding process, the City advertised its request for construction bids for the Project on January 28, 2025, on the City's website, and the request for bids was also published on February 3, 2025 and February 10, 2025. The sealed bids were opened March 6, 2025.

Six bids were received for the Project as follows:

Contractor	Total Bid Amount
DGN Build, Inc.	\$779,000
LWG Construction	\$949,839
One Day Installation & Repairs, Inc.	\$1,032,312
Zone 4 Construction, Inc.	\$1,074,486
Domain Construction, Inc.	\$1,090,000
SFT Construction Corp.	\$1,103,000

DGN Build, Inc. was initially the apparent low bidder. However, they withdrew their bid on March 24, 2025 after the City conducted its due diligence and staff found that the contractor was not a responsive bidder under Public Contracts Code 1103. Therefore, staff was going to recommend awarding the Project to LWG Construction of Morgan Hill, CA as the lowest and responsible bidder in the amount of \$949,839, with a contingency in the amount of \$284,951.

ANALYSIS:

Soon after the sealed bids were submitted to the City, the United States imposed tariffs on a

variety of goods from various countries which spurred widespread financial insecurity for local, national, and international businesses. In response to these developments, LWG Construction expressed concern with being held to the bid that they submitted and estimated that tariffs would require a 15% to 18% increase to their bid. Staff determined that such an increase would position LWG Construction as the highest bidder of the six bids received.

For these reasons, staff recommend the City Council adopt a Resolution rejecting all bids for the Second Floor City Hall Remodel Project C2414. This will allow some time for local bidders to assess the impact of the recently imposed tariffs and staff will advertise a request for construction bids at a later date.

ALTERNATIVES:

The alternatives available to the City Council include:

1. Adopt a Resolution rejecting all bids for the Second Floor City Hall Remodel Project C2414; or
2. Do not adopt the Resolution; or
3. Provide staff with alternative direction.

Respectfully submitted by:

Chris Valley, Building Official

Al Savay, Community Development Director

Approved for submission by:



Jeff Maltbie, City Manager

ATTACHMENT(S):

1. Resolution