
CITY OF TEMPE
REQUEST FOR COUNCIL ACTION

Council Meeting Date: 12/08/2016
Agenda Item: 5B1

ACTION: Approve the corrected award of two-year contracts with two, two-year renewal options to Empire Services West, LLC, Spray Systems Environmental, and Kary Environmental Services Inc. for asbestos abatement, mold remediation, and related services for the City’s Risk Management Division.

FISCAL IMPACT: Total cost of this contract will not exceed \$150,000 during the initial two-year contract period. Sufficient funds have been appropriated in the Risk Management Fund – cost center 2621 (Risk Management) and various other City-wide cost centers for the anticipated expenditures.

RECOMMENDATION: Approve the corrected awards.

BACKGROUND INFORMATION: (RFP 16-144) The City issued an Invitation for Bid (IFB) to establish a term contract for asbestos abatement, mold remediation and put-back services. On September 22, 2016 City Council approved staff’s recommendation for award to Builders Enviro Services, Inc., Comprehensive Risk Services, LLC and Empire Services West LLC.

A protest was filed on October 28, 2016 by Spray Systems Environmental challenging the City’s decision in a number of areas including questioning how the City compared pricing to establish the lowest priced firms. The protest prompted a full review of the evaluation process. As a result, it was determined that the approach utilized by the City to establish the price competition matrix was flawed. Realizing an error had been made, letters were issued to all responding firms (15) explaining the error and that the City would be reconvening the evaluation committee to re-evaluate the offers.

The City erred by not applying a cost weighting to the pricing that would better reflect the percentage of cost related to the various categories of expenses typically charged for these types of jobs, namely labor, consumables, and equipment. Instead, the City used a straight line summation of all commonly priced unit costs without giving weight to any category (labor turns out to be about 85% of a typical job but was not weighted any more than equipment and consumables). A contributing error involved not including a number of price components that were bid but left out of the pricing matrix. These components have been included to the corrected pricing matrix. In order to establish an accurate weighting formula, staff reviewed all of its past asbestos/mold remediation invoices for the past two years and tabulated the percentage of cost for the three categories of expenses. Once this data was established the City averaged the percentages and arrived at the following weights by category:

Typical Asbestos/Mold Abatement Project Costs

- Project Manager.....8.8%
- Supervisor.....28.9%
- Prime Technician.....46.90%
(Labor.....84.6% of a typical job cost)
- Consumables.....9.8%
- Equipment.....5.6%
- Total Percent.....100%

The City re-ran the cost matrix using the additional line item components and the above weights which changed the ranking of the lowest priced offers. A more complete and lengthy Excel report is available which shows the full corrected pricing matrix. For purposes of this communication, three separate tables have been developed that show the impact of cost weighting to arrive at the true lowest cost offers:

Table 1: Original Award Cost Matrix (non-weighted)

Company	Original Total Cost Value (non-weighted)
Empire Services West LLC	\$1,490.42
Builders Enviro Services, Inc.	\$2,180.00
Comprehensive Risk Services, LLC	\$2,415.00
Kary Environmental Services	\$2,544.60
East Valley Disaster, Inc.	\$2,559.60
American Technologies	\$2,559.00
Red Rock	\$2,650.00
Spray Systems Environmental	\$3,192.94
Pinnacle Restoration	\$3,320.98
Summit Restoration	\$3,540.98
Envy Restoration	\$3,752.00
Stratton Restoration	\$4,317.98

The table above shows the original cost matrix approved by Council on September 22, 2016 with firms ranked low to high based on the straight summation of the evaluated line items with no weighting.

Table 2: Corrected Cost Matrix with Weighting

Company	Corrected Total Cost With Weighting
Empire Services West LLC	\$382.94
Kary Environmental Services	\$539.60
Spray Systems Environmental	\$564.98
Builders Enviro Services, Inc.	\$698.19
Comprehensive Risk Services, LLC	\$739.40
Red Rock	\$743.63
American Tech	\$767.50
East Valley Disaster, Inc.	\$791.34
Envy Restoration	\$943.33
Stratton Restoration	\$955.17
Pinnacle Restoration	\$1,003.45
Summit Restoration	\$1,088.04

The table above shows the corrected cost matrix with firms ranked low to high based on historical weighting of cost categories. This table shows the true lowest cost firms.

The above tables show the 12 firms that were evaluated. Three additional firms (Damage Control, LLC, Native Environmental, LLC, and Southwest Hazard Control, Inc.) were not evaluated as they were deemed non-responsive due to failure to include the correct revised price sheets.

The three companies shown in Table 2 are now being recommended for award as determined to be the lowest responsive and responsible bidders. All of the firms being recommended are properly licensed and meet the required qualifications stipulated in the solicitation. This revised award corrects the errors that were discovered in the original award. All of the responding firms have been notified of this corrected action. If Council approves the revised and corrected award recommendation, staff will cancel the awards that were originally made (in error) to Builders Enviro Services and Comprehensive Risk Services, LLC.

If approved as recommended, the corrected awards will be effective for two years with the ability to be renewed if performance and circumstances support extension.

ATTACHMENTS: Offer Pages from Empire Services West LLC, Kary Environmental Services, and Spray Systems Environmental

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