

H A C S A M E M O R A N D U M

TO: HACSA Board of Commissioners

PRESENTED BY: Craig Satein, Weatherization Supervisor

AGENDA ITEM TITLE: ORDER/In the Matter of Accepting a Bid and Awarding a Contract for the Weatherization of Homes Project 05-R-0038

AGENDA DATE: November 2, 2005

I. MOTION

IT IS MOVED THAT EMERALD VALLEY WEATHERIZATION BE AWARDED A \$250,000 CONTRACT FOR THE WEATHERIZATION OF HOMES PROJECT 05-R-0038; AND THAT AN ORDER BE SIGNED TO THIS EFFECT; AND THAT AN AGREEMENT BE EXECUTED BY THE EXECUTIVE DIRECTOR IN ACCORDANCE WITH THE BID DOCUMENTS.

II. ISSUE

To award a requirements contract to the lowest responsive and responsible bidder to weatherize homes of low-income residents in Lane County.

III. DISCUSSION

A. Background

For the past twenty-two years, HACSA has been contracting on a requirements basis with the private sector, to weatherize the homes of low-income residents of Lane County. This Board Order is the second sealed bid opening for our weatherization program this calendar year. We advertised in the Daily Journal of Commerce and the Register Guard. Three contractors responded to the solicitation, two attended our pre-bid meeting, but only one contractor, Emerald Valley Weatherization, provided a bid. One of the other contractors felt he wasn't adequately prepared to perform at the level of this contract and the third

contractor is retiring for health reasons. Another compelling issue influencing the declining pool of weatherization contractors, is the very active home construction and remodeling market. According to our current contractors, the business climate over the past 18 to 24 months, has shifted to a "high profit" cash market. This has the effect of turning contractors away from programs encumbered with a lot of performance requirements and constrained profitability.

During the past decade, due to the declining pool of weatherization contractors, HACSA has employed various bid strategies for the purpose of evaluating market competition. In some cases we've limited the number of contracts awarded to any one contractor. We've also varied contract amounts, the number of bid openings, price ceilings, etcetera, in an attempt to attract more contractors. These strategies have yielded mixed results, but overall, we continue to enjoy critical success providing cost-effective services to more than 400 households annually.

Although Emerald Valley was the sole bidder, this contract will yield equivalent outcomes based upon the bid results. Compared to last year, Emerald's bid prices have increased only 9.8%, which is well below this year's market price increases between 20 and 30% for insulation,. Given the current volatility of "petroleum based" prices, we are very pleased with Emerald's prices and can continue to meet or exceed our public sector requirements regarding savings to investment ratios.

HACSA requires weatherization contractors to submit bids as a price per unit for typical weatherization measures. For example; cost per square foot of attic and floor insulation. A weighted formula is used to determine an adjusted price per house and is the basis for determining the lowest bidder. HACSA has capped bid prices, (adjusted annually) based upon fair market costs for the eight items which are competitively bid. Another fourteen standard weatherization items (such as door weatherstrip) have an "annually adjusted", fixed fair market price assigned to them.

B. Analysis

The factored bid received for this weatherization project 05-R-0038 was as follows:

1. Emerald Valley Wz. \$2,897 per House

C. Alternatives/Options

HACSA could go out to bid again for a smaller contract value. However, with the limited competition demonstrated over the past decade, we believe that the bid

results would be very similar or possibly higher. To the extent that budget funds are available, it is recommended that this requirements contract be awarded.

D. Recommendation

It is recommended that a contract be awarded to Emerald Valley Weatherization

E. Timing

Upon bid award, contractors shall have ten days to provide the Agency with performance and payment bonds of \$250,000. It is anticipated that all other necessary documents can be processed by the end of November and that work will commence shortly thereafter.

IV. IMPLEMENTATION/FOLLOW-UP

As in item III. E.

V. ATTACHMENT

A. Bid Recap Sheet

**IN THE BOARD OF COMMISSIONERS OF THE
HOUSING AND COMMUNITY SERVICES AGENCY OF
LANE COUNTY, OREGON**

ORDER NO.

**)In the Matter of Accepting a Bid and
)Awarding a Contract for the Weatherization
)of Homes Project 05-R-0038**

WHEREAS, at a duly publicized time and place on October 12, 2005, Craig Satein of the Housing and Community Services Agency of Lane County, Oregon, publicly opened bids for the following project:

Furnishing all labor and most materials to perform the Weatherization of Homes Project 05-R-0038, in strict accordance with the project specifications prepared by the Agency.

WHEREAS, the lowest responsive bidder for contract 05-R-0038 was Emerald Valley the Executive Director having so recommended;

ORDERED, that Emerald Valley Weatherization be awarded a \$250,000 requirements contract for the Weatherization of Homes Project 05-R-0038, and that the agreement be executed by the Executive Director in accordance with the bid documents. The contractor shall present performance and payment bonds for the full contract amounts and shall satisfactorily complete all work within the specified contract time.

DATED this _____ day of _____, 2005

Chairperson, HACSA Board of Commissioners

In the Matter of Accepting a Bid and Awarding a Contract for the Weatherization of Home Project 05-R-0038.

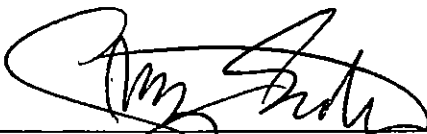
APPROVED AS TO FORM
Date 10/25/05 Lane county
Teresa J. White
OFFICE OF LEGAL COUNSEL

BID RECAP SHEET

Private Contractor Weatherization Project 05-R-0038

	<u>Contractor</u>	<u>Amount</u>
1.	Emerald Valley Wz.	\$2,897 per House

This is a true and accurate account of the bid openings for the weatherization of homes project held October 12, 2005



Craig Satein,
Weatherization Supervisor