



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Stufflebean

SUBJECT: SEE BELOW

DATE: 11-26-07

Approved

Deane Jth

Date

11/28/07

COUNCIL DISTRICT: City-Wide

SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR THE SAN JOSÉ/SANTA CLARA WATER POLLUTION CONTROL PLANT, FY 2007/08 CAPITAL IMPROVEMENT PROGRAM, FIRE MAIN REPLACEMENT PROJECT – PHASE I

RECOMMENDATION

Report on bids and award of construction contract for Fire Main Replacement Project – Phase I to the low bidder, D&D Pipelines Inc., in the amount of \$292,550, and approval of a contingency in the amount of \$30,000.

OUTCOME

Award of this construction contract will allow Phase I of the Fire Main Replacement Project to be implemented with scheduled completion in May 2008. Approval of the contingency will allow funding for unforeseen conditions encountered during construction of the project.

BACKGROUND

The fire main piping system, which is part of the fire protection system for the San José/Santa Clara Water Pollution Control Plant (Plant), consists of approximately 15,000 linear feet of pipes (6, 8, and 10 inches), fire hydrants, and associated valves. Due to the age and corrosion of the existing fire main pipes, the incidents of pipe leaks and pipe breaks have increased over the past few years, requiring progressively greater efforts from staff to repair and maintain the fire main pipes. In addition, investigation has indicated that corrosion is rampant in almost the entire fire main piping system.

Replacement of the Plant's fire main piping system will need to be in phases to ensure adequate fire protection at the Plant at all times. City staff has identified approximately 2,700 linear feet of pipe that is in most critical need of repair as part of the Fire Main Replacement Project – Phase I project.

ANALYSIS

The project was advertised for bid and total of fourteen bids were received and opened on October 25, 2007 with the following bid results:

<u>Contractor</u>	<u>City</u>	<u>Bid Amount</u>	<u>Variance Over/Under City's Internal Estimate of \$300,000</u>	
			<u>Amount</u>	<u>Percent</u>
Sanco Pipelines, Inc.	Campbell	\$420,518	\$120,518	40.2%
Grade Tech, Inc.	Castro Valley	\$418,826	\$118,826	39.6%
Pacific Underground Construction, Inc.	San José	\$415,515	\$115,515	38.5%
McGuire & Hester, Inc.	Oakland	\$406,750	\$106,750	35.6%
West Valley Construction Company, Inc.	Campbell	\$399,100	\$99,100	33.0%
J&M, Inc.	Livermore	\$384,630	\$84,630	28.2%
Precision Engineering, Inc.	San Francisco	\$379,850	\$79,850	26.6%
Lewis & Tibbits, Inc.	Fremont	\$359,750	\$59,750	19.9%
Mountain Cascade, Inc.	Livermore	\$349,750	\$49,750	16.6%
Preston pipelines, Inc.	Milpitas	\$348,303	\$48,303	16.1%
Phillips Construction, Inc.	Castro Valley	\$329,982	\$29,983	10.0%
Delta Excavating, Inc.	Antioch	\$327,180	\$27,180	9.1%
Stoloski & Gonzalez, Inc.	Half Moon Bay	\$311,970	\$11,970	3.9%
Engineer's Estimate		\$300,000		
D&D Pipelines, Inc.	San Francisco	\$292,550	(\$7,450)	(2.5%)

Of the fourteen bids received, D&D Pipelines is the lowest bidder. Their bid is 2.5% less than the engineer's estimate.

Staff has checked the reference provided by D&D Pipelines regarding their credentials and past contracts. Although D&D Pipelines has not worked with the City, positive and favorable comments were received on their performance from various agencies.

Based on the information provided and feedback from the references, D&D Pipelines appears to possess adequate knowledge and technical capabilities to implement the Fire Main Replacement Project – Phase I.

Council Policy provides for a standard contingency of ten percent on public works projects involving utilities. Staff considers the standard contingency appropriate for this project.

EVALUATION AND FOLLOW-UP

The project is currently within budget with a projected completion of May 2008. No additional follow up actions with the Council are expected at this time.

POLICY ALTERNATIVES

Alternative: Reject bid and drop the project.

Pro: Cost saving as the project is not implemented

Cons: Possibility of more pipe leakage and pipe breaks affecting the reliability of the Plant fire protection system, and increasing costs to repair and maintain the system.

Reason for not recommending: If the project is not implemented the increasing occurrences of pipe leaks and breaks will affect the reliability of the Plant fire protection system and also increase the cost of repair and maintenance.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This action does meet any of the criterion above, however, as a common practice, a Notice-to-Contractors inviting qualified firms to submit bids was published by the City Clerk Office in the *San José Post Record*, and by the City’s Project Manager on Environmental Services Department website and Public Works Department Bid Hotline. This memo has been posted on the City’s website for the December 18, 2007 Council Agenda.

COORDINATION

This project and memorandum have been coordinated with the Office of Risk Management, Equality Assurance, City Manager’s Budget Office, and the City Attorney’s Office. As part of the “contracting-in” evaluation, this project was approved for outsourcing by the City’s Contracting-In Committee due to the lack of technical skills required to implement this project within the City. This item is scheduled to be heard at the December 13, 2007 Treatment Plant Advisory Committee (TPAC) meeting.

FISCAL/POLICY ALIGNMENT

This project is consistent with the Council approved Budget Strategy, Economic Recovery section, in that it will help to stimulate construction spending in our local economy. This project is also consistent with the budget strategy principle of focusing on protecting our vital core City services.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION: \$322,550
2. COST ELEMENTS OF AGREEMENT/CONTRACT

Project Delivery	\$ 292,550
Contingency	<u>30,000</u>
TOTAL PROJECT COSTS	\$ 322,550
 Prior Year Expenditures	 \$0
 REMAINING PROJECT COSTS	 \$ 322,550
3. SOURCE OF FUNDING: 512 – San José-Santa Clara Treatment Plant Capital Fund.

Existing funds are available for this project. No additional appropriation action is required.
4. FISCAL IMPACT: Existing funds are available for this project. No additional appropriation action is required.

BUDGET REFERENCE

Fund #	Appn #	Appn Name	RC #	Total Appn	Amt for Contract	Adopted Budget Page	Last Budget Action (Date, Ord No)
Remaining Project Costs				\$322,550			
Current Funding Available							
512	4122	Fire Line Replacement		\$350,000	\$322,550	V-152	10-16-2007 Ord. No. 28143
Total Current Funding Available				\$350,000			
Total Funding for Remaining Project Costs				\$350,000			

CEQA

Exempt, PP07-144



JOHN STUFFLEBEAN
Director, Environmental Services Department

For questions please contact Ting Ong, Senior Engineer, Technical Services Division, Environmental Services Department, at (408) 945-5132.

