

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Katy Allen

SUBJECT: HIGHWAY 87 DETOUR II SANITARY DATE: 03-09-05
SEWER RECONSTRUCTION,
PHASE II PROJECT

Approved



Date

3/15/05

Council District: 3

RECOMMENDATION

- a. Award of contract for the Highway 87 Detour II Sanitary Sewer Reconstruction Phase II Project to the low bidder, McGuire and Hester, in the amount of \$4,939,146, and approval of a contingency in the amount of \$740,900.
- b. Adoption of a resolution approving the Highway 87 Detour II Sanitary Sewer Reconstruction Phase II Project and incorporating environmental mitigation measures set forth in the Mitigation Monitoring and Reporting Program for the project.
CEQA: Mitigated Negative Declaration, PP03-12-378.

BACKGROUND

Caltrans, in cooperation with the City of San José is upgrading Highway 87 to a six-lane freeway between Julian Street and Highway 101. The Highway 87 project requires the reconstruction of two inverted sanitary sewer siphons under Highway 87 and the Guadalupe River, located approximately 300 feet south of Interstate 880. The sewer reconstruction will be completed in two phases under two separate utility agreements executed between Caltrans and the City.

On June 11, 2001, Council approved the two utility agreements. Pursuant to Utility Agreement No. 1268.8, Caltrans constructed the Phase I project in 2001 with design and technical inspection assistance from City staff. Pursuant to Utility Agreement No. 1390.1, dated June 18, 2002, the City has designed and will construct the Phase II project. Utility Agreement No. 1390.1 requires Caltrans to pay 100 percent of the cost of the Phase II project. Under the agreement, Caltrans will reimburse the City up to \$4,970,500, the estimated cost of the project. The City must provide an explanation for cost increases in order to be reimbursed for any amounts in excess of \$4,970,500. If costs exceed 125 percent of the estimated cost, an Amended Agreement must be negotiated and executed by both parties, reflecting the increased costs and corresponding justifications and supporting documentation.

On June 25, 2002, Council approved an agreement with Raines, Melton and Carella, Inc., for design and construction support services for the Phase II project for a total agreement amount of \$683,016.

This proposed Phase II project will construct twin 42-inch diameter inverted sanitary sewer siphons beneath the Guadalupe River and Highway 87, between the Guadalupe River Park and N. San Pedro Street. The project also includes construction of new junction structures and related appurtenances and abandonment and/or removal of older sanitary sewer facilities.

The City benefits from this project by replacing older sanitary sewer facilities, increasing the reliability of the system and decreasing the number of siphons that currently pass beneath the Guadalupe River and Highway 87.

Construction is scheduled to begin in May 2005 with completion in January 2006.

ANALYSIS

Bids for this project were opened on February 17, 2005 with the following results:

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/ (Under) Percent</u>
ACC West Cost Inc. (Benicia)	\$5,453,100	\$1,248,611	30
Mountain Cascade (Livermore)	\$5,391,974	\$1,187,485	28
McGuire and Hester (Oakland)	\$4,939,146	\$734,657	18
Engineer's Estimate	\$4,204,489	---	---

The low bid submitted by McGuire and Hester, in the amount of \$4,939,146 is 18 percent over the Engineer's Estimate. The Engineer's Estimate and the low bid were analyzed and the most significant differences were the abandonment and/or removal of the existing sanitary sewers, trench and structure temporary shoring and the mobilization.

During review of the bid proposals, a discrepancy was noted in the apparent second low bid submitted by Mountain Cascade. Section 2-1.05 of the City Standard Specification, titled "Proposal Forms," indicates that in the case of any discrepancy between the extended price for any bid item bid, the unit price multiplied by the number of units shall prevail. The table above reflects the corrected bid.

This discrepancy, verified by City staff as a multiplication error, resulted in a small decrease in

Mountain Cascade's total bid amount, however, the bid submitted by McGuire and Hester remained the lowest responsive bid received.

Council Policy provides for a standard contingency of 10 percent on public works projects involving underground utilities. However, due to the complexity of the construction methodology, which includes microtunneling under the Guadalupe River and Highway 87, a 15 percent contingency is requested for this project.

PUBLIC OUTREACH

To solicit contractors, this project was listed on the City's Internet Bid Line and advertised in the *San José Post Record*. Bid packages for all Department of Public Works construction projects are provided to various contractor organizations and builder's exchanges.

COORDINATION

This project and memorandum have been coordinated with the Departments of Planning, Building and Code Enforcement, Transportation, Parks Recreation and Neighborhood Services, Finance, the City Manager's Budget Office, and the City Attorney's Office. In addition, the project team coordinated the design, funding, constructability, and permitting process with numerous regulatory agencies including Caltrans, California Department of Fish and Game, Santa Clara Valley Water District, Corps of Engineers, Valley Transportation Authority, and the Regional Water Quality Control Board.

COST IMPLICATIONS

1. AMOUNT OF RECOMMENDATION: \$4,939,146

2. COST OF PROJECT:

Project Delivery	\$1,144,774*
Construction	4,939,146
Land Acquisition	168,180
Contingency	<u>740,900</u>

TOTAL PROJECT COSTS **\$6,993,000**

Prior Year Expenditure (355,263)

REMAINING PROJECT COSTS **\$6,637,737**

- * Project delivery includes \$683,016 for design service and \$461,758 for construction management and inspection services.

3. SOURCE OF FUNDING: 540 - Sanitary Sewer Connection Fee Fund
545 - Sewer Service and Use Charge Capital Improvement Fund
4. FISCAL IMPACT: This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy. The proposed operating and maintenance costs of this project have been reviewed and it has been determined that the project will have no significant adverse impact on the General Fund operating budget.

BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	Total Appn.	Amt. For Contract	2004-2005 Adopted Budget (Page)	Last Budget Action (Date, Ord. No.)
Remaining Project Costs			\$6,637,737			
Current Funding Available						
540	4273	Preliminary Engineering	\$675,000	\$300,000	Capital V-195	N/A
545	4271	Miscellaneous Rehabilitation Projects	\$5,429,000	\$2,639,146	Capital V-182	2/8/05 Ord No. 27350
540	6444	Infiltration Reduction	\$2,639,000	\$2,000,000	Capital V-180	10/12/04 Ord No. 27267
Total Current Funding Available			\$8,743,000	\$4,939,146		
Total Funding for Remaining Project Costs			\$6,637,737	\$4,939,146		

HONORABLE MAYOR AND CITY COUNCIL

03-09-05

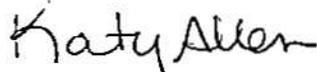
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CEQA

Mitigated Negative Declaration, PP03-12-378.

Planning has issued a mitigated negative declaration for this project. The mitigated negative declaration identifies a number of mitigations that need to be implemented in order to address environmental impacts. These mitigation measures and their manner of implementation are identified in the Mitigation Monitoring And Reporting Program for the project. These mitigations have been incorporated into the project design and the construction documents. As part of today's action, staff is requesting Council to approve these mitigations and their manner of implementation, as set forth in the Mitigation Monitoring and Reporting Program, and direct the implementation of these mitigations as part of the project.

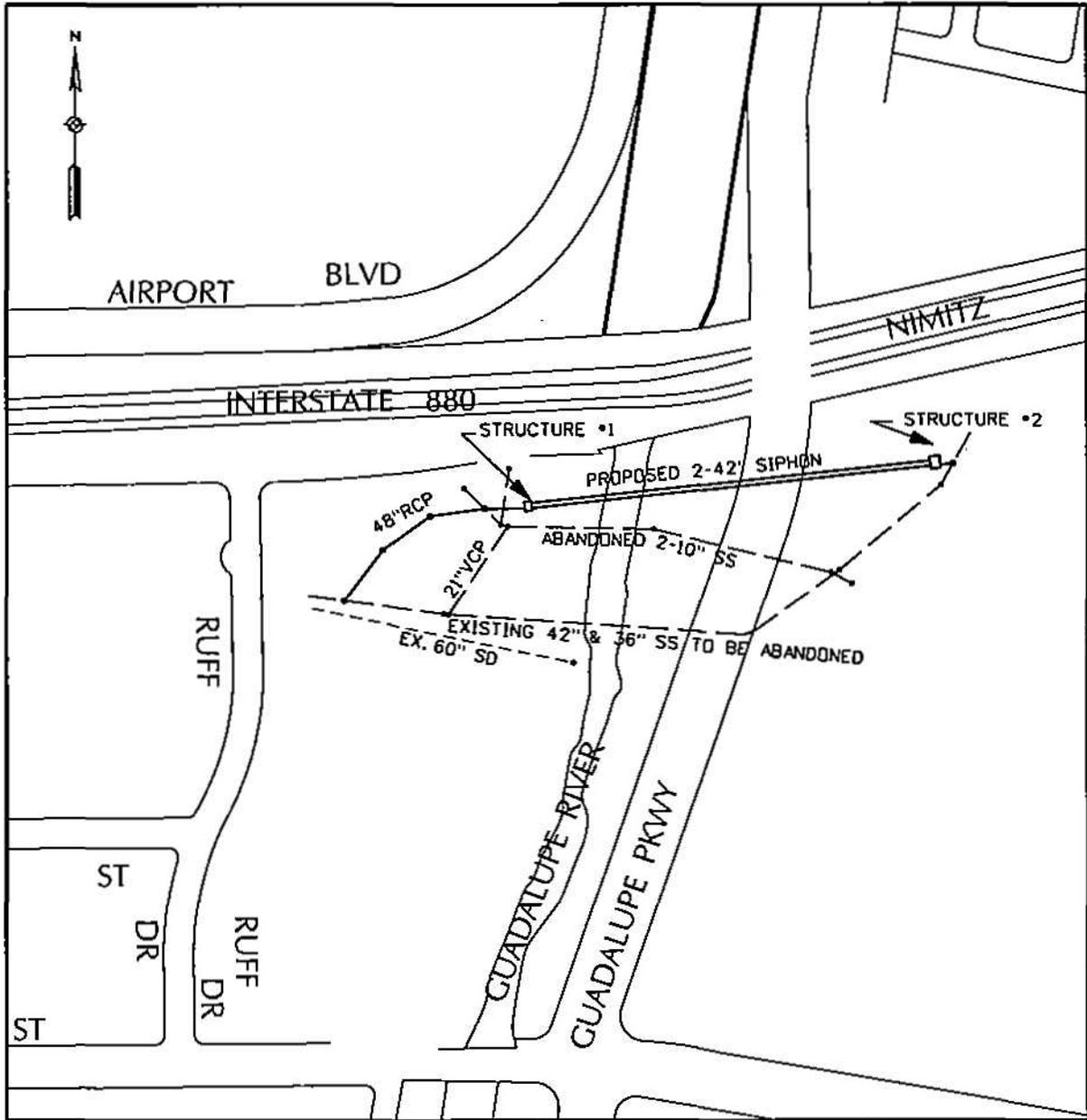


KATY ALLEN

Director, Public Works Department

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Attachment

HIGHWAY 87 DETOUR 2 SANITARY SEWER RECONSTRUCTION PHASE II



LOCATION MAP
N.T.S.