



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** John Stufflebean

**SUBJECT:** FORESTWOOD DRIVE  
MAIN REPLACEMENT

**DATE:** 03-14-07

Approved

Date

3/20/07

**COUNCIL DISTRICT: 8**

## RECOMMENDATION

Report on bids and award of contract for the Forestwood Drive Main Replacement to the low bidder, Pacific Underground Construction, in the amount of \$391,850 and approval of a contingency in the amount of \$40,000.

## OUTCOME

The award of the Forestwood Drive Main Replacement project and approval of contingency funding will enable the construction of this project, which will improve system reliability and provide a reliable source of water to the existing customers.

## BACKGROUND

This project is part of the Municipal Water System's ongoing steel main replacement program. The project scope includes replacement and relocation of an 8-inch diameter water main on Forestwood Drive and a 6-inch diameter water main on Green Hill Way, replacing existing corroded steel pipelines to improve system reliability. The project will construct approximately 2,200 feet of water main affecting 43 residential customers. San José Municipal Water System staff prepared the plans, specifications and contract documents to solicit competitive bids. The contractor is required to maintain property and pedestrian access at all times.

## ANALYSIS

Bids for the project were opened on February 22, 2007, with the following results:

<u>Contractor</u>	<u>City</u>	<u>Variance Over/(Under)</u>		
		<u>Bid Amount</u>	<u>Amount</u>	<u>Percent</u>
Lowry Engineering Construction	Santa Clara, CA	\$606,900	\$31,900	6%
<b>Engineer's Estimate</b>		<b>\$575,000</b>		
Vulcan Construction	Fresno, CA	\$569,610	(\$5,390)	(1%)
Preston Pipelines Inc.	Milpitas, CA	\$514,388	(\$60,612)	(11%)
Lewis & Tibitts Inc.	Fremont, CA	\$494,610	(\$80,390)	(14%)
Ranger Pipelines	San Francisco, CA	\$472,370	(\$102,630)	(18%)
West Valley Construction	San José, CA	\$469,220	(\$105,780)	(18%)
California Trenchless Inc.	Hayward, CA	\$461,350	(\$113,650)	(20%)
Precision Engineering	San Francisco, CA	\$430,255	(\$144,745)	(25%)
Pacific Underground Construction	San José, CA	\$391,850	(\$183,150)	(32%)

The low bid submitted by Pacific Underground Construction is 32% below the engineer's estimate. Project was advertised during a period of decreased construction activity resulting in higher number of bidders and increased competition for available work. The bids were evaluated and found to be in order. Staff has concluded that the bid is reasonable and acceptable. Accordingly, staff recommends awarding the contract to Pacific Underground Construction based on the low bid submitted by this contractor. A contingency in the amount of \$40,000 is requested for any unforeseen conditions that may arise during construction.

**POLICY ALTERNATIVES**

*Alternative 1:* Reject all bids and drop the project

**Pros:** Cost savings

**Cons:** Continued service disruptions and accelerated deterioration of the facilities

**Reason for not recommending:** Service disruptions and pipe deterioration would continue to negatively affect customers in this neighborhood and increase City costs to maintain the system.

*Alternative 2:* Reject the bid and re-advertise the existing project

**Pros:** May increase number of bids

**Cons:** May increase costs to the City by bidding at a time when more projects are out to bid, decreasing competition and possibly generating higher bid amounts.

**Reason for not recommending:** Additional bidders and/or lower bid amounts are not guaranteed.

**PUBLIC OUTREACH**

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 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)**

- Criteria 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 project was advertised in February 2007 in the San José Mercury News, San José Post Record, and the Public Works and ESD Bid Hotline.

### COORDINATION

This project has been coordinated with the Offices of Risk Management, Equality Assurance, Planning Department, City Attorney's Office, and the City Manager's Budget Office.

### COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

Project Delivery	\$ 100,000
Construction	\$ 391,850
Contingency	\$ 40,000
Total Project Costs	\$ 531,850

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

Mobilization	\$ 15,000
Additional Pot-hole (Revocable)	\$ 4,200
Install 8-inch Diameter Waterline DIP	\$ 189,750
Install 6-inch Diameter Waterline DIP	\$ 58,000
8-inch Gate Valve Assembly	\$ 5,100
6-inch Gate Valve Assembly	\$ 9,800
Connection to 18" Main on Cadwallader Ave	\$ 5,700
Connection to 12" Main on Yerba Buena Ave	\$ 4,600
Connection to 8" Main on Loganberry Dr	\$ 3,500
Install 1" Single Service & Connect Meter	\$ 16,500
Install 1" Split Service & Connect (2) Meters	\$ 28,800
Remove and Replace Fire Hydrant	\$ 18,300
Install New Fire Hydrant	\$ 6,000
Abandon Existing Facilities	\$ 9,100
Collect and Provide GPS Data	\$ 9,000
Replace Asphalt Concrete Outside of Trenched Area (Revocable)	\$ 800
Remove and Replace Concrete Curb and Gutter (Revocable)	\$ 2,000
Extra Trenching Depth (Revocable)	\$ 1,200
Video Inspect 250 Feet of 10-inch Main (Revocable)	\$ 4,500

- 3. SOURCE OF FUNDING: 500 – Water Utility Capital Fund
- 4. FISCAL IMPACT: Replacement and relocation of the existing corroded steel mains will decrease maintenance costs starting in FY 2007-2008.

**BUDGET REFERENCE**

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Contract	2006-2007 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
500	5515	Forestwood Drive Main Replacement	\$965,000	\$391,850	V-185	N/A

**CEQA**

Exempt, PP06-217.

  
JOHN STUFFLEBEAN  
Director, Environmental Services

For questions please contact Bob Wilson, Acting Division Manager, at (408) 277-3671