



COUNCIL AGENDA: 06-13-06
ITEM: 2.20

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen

SUBJECT: WILLOW-UNION TRUNK
SEWER PROJECT

DATE: 05-22-06

Approved

Deanna Santana

Date

5/26/06

COUNCIL DISTRICT: 9

RECOMMENDATION

Report on bids and award of contract for the Willow-Union Trunk Sewer Project to the low bidder, Michels Corporation dba Michels Pipeline Construction, in the amount of \$1,188,659, and approval of a contingency in the amount of \$119,000.
CEQA: Exempt, File No. PP05-223.

OUTCOME

The rehabilitation of the sanitary sewers will restore the structural integrity and extend the service life of the sewers. The completed project will provide better sewer service to the businesses and residents, and reduce maintenance costs.

BACKGROUND

The Willow-Union Trunk Sewer serves a portion of South San José and transmits additional flow accumulated in the West Valley Sanitation District (WVSD). The City and WVSD share the costs associated with the maintenance and rehabilitation of this trunk sewer through a master agreement.

The project is located on Union Avenue between Camden Avenue and South Bascom Avenue, and on South Bascom Avenue between Union Street and Dry Creek Road (map attached). The project will rehabilitate approximately 7,600 linear feet of sanitary sewer mains. These pipes show evidence of moderate-to-severe corrosion throughout the entire length.

The project is scheduled to begin construction in August with completion in December 2006.

ANALYSIS

Bids for this project were opened on May 4, 2006 with the following results:

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
Engineer's Estimate	\$1,725,520.00	-	-
Insituform Technologies, Inc. (Chesterfield, MO)	\$1,338,358.00	(387,162)	(22)
Michels Corporation dba Michels Pipeline Construction (Brownsville, WI)	\$1,188,659.00	(536,861)	(31)

The low bid submitted by Michels Corporation is 31 percent below the Engineer's Estimate. The Engineer's Estimate was prepared using historical bid data from similar projects. The high variance between the low bid and the Engineer's Estimate can be attributed to the competitive market.

The low bid and the EE have been analyzed and the significant differences can be found in items such as: "Mobilization", "Traffic Control" and "Sewer Diversion". Since the project is located on a major arterial, staff had estimated higher costs for mobilization and traffic control. A higher Engineer's Estimate was also provided for sewer diversion in anticipation of a complicated set-up for temporary sewage by-pass during the rehabilitation process. Additionally, Michels Corporation indicated to staff that they own a lot of the specialty equipment needed for diversion, and this may have positively affected their bid.

The bid was reviewed and found to be in order. Council Policy provides for a standard contingency of ten percent on public works projects involving utilities. The standard contingency is appropriate for this project.

ALTERNATIVES

Not applicable.

PUBLIC OUTREACH

Details of the project will be provided to neighborhood organizations/associations. With input from these associations we will determine the need for additional public outreach describing the construction activities. In addition, we will be sending a minimum of two notifications of construction activity to the affected neighborhood prior to construction. The project was coordinated with the West Valley Sanitation District. The project was also listed on the City's Internet Bid Line and was advertised in the *San José Post Record*. Bid packages for all

Department of Public Works construction projects are routinely provided to various contractor organizations and builder's exchanges.

COORDINATION

This project and memorandum has been coordinated with the Departments of Planning, Building and Code Enforcement, Transportation, City Manager's Budget Office and Office of Council District 9.

COST IMPLICATIONS

1. AMOUNT OF RECOMMENDATION: \$1,188,659.

2. COST OF PROJECT:

Project Delivery	\$350,000*
Construction	1,188,659
Contingency	<u>119,000</u>
TOTAL PROJECT COSTS	\$1,657,659
Prior Year Expenditure	(103,000)
REMAINING PROJECT COSTS	\$1,554,659

- Project delivery includes \$133,000 for design services and \$217,000 for construction management and inspection services.

3. SOURCE OF FUNDING: 545 - Sewer Service and Use Charge Capital Improvement Fund

4. FISCAL IMPACT: This project is consistent with the Council-Approval Budget Strategy Economic Recovery Section in that it will spur construction spending in our local economy. The proposed operating and maintenance costs of the project will have no significant adverse impact on the General Fund operating budget.

BUDGET REFERENCE

Fund #	Appn. #	RC #	Appn. Name	Total Appn.	Amt. For Contract	2005-2006 Adopted Budget (Page)	Last Budget Action (Date, Ord. No.)
Remaining Project Costs				\$1,554,659			
Current Funding Available							
545	5733	133485	Willow-Union Trunk Sewer	\$2,047,000	\$1,188,659	Capital V-178	10/18/05, Ord No. 27580
Total Current Funding Available				\$2,047,000	\$1,188,659		

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CEQA

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KATY ALLEN
Director, Public Works Department

For questions please contact TIMM BORDEN, DEPUTY DIRECTOR, at 408-535-8300.

TN:CP:hla
cp051106cm-Willow-Union Trunk Sewer Project
Attachments

