



COUNCIL AGENDA: 6-7-05

ITEM: 2.8

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Carl W. Mosher
Larry D. Lisenbee

SUBJECT: NORTH FIRST STREET
PARALLEL MAIN - PHASE II

DATE: 5-16-05

Approved

Date

5/23/05

COUNCIL DISTRICT: 4

RECOMMENDATION

1. Report on bids and award of contract for the North First Street Parallel Main Phase II to the low bidder Preston Pipelines, in the amount of \$893,500 and approval of a contingency in the amount of \$90,000.
2. Adopt the following Appropriation Ordinance amendments in the Major Facilities Fund:
 - a. Increase the appropriation to the Environmental Services Department for the North First Street Parallel Main project by \$240,000.
 - b. Decrease the Ending Fund Balance by \$240,000.

BACKGROUND

This project will construct a water transmission main on North First Street between Montague Expressway and Rio Robles to facilitate new connections to the system and increase water system reliability. San Jose Municipal Water System staff prepared the plans, specifications and contract documents to solicit competitive bids.

The scope of work for this project includes the construction of a 12" diameter water main on North First Street, replacing an existing 18" techite pipeline that has proven unreliable. It will construct approximately 3,230 feet of water main.

ANALYSIS

Bids for the project were opened on April 19, 2005 with the following results:

<u>Contractor</u>	<u>City</u>	<u>Bid Amount</u>	<u>Variance Over/(Under)</u>	
			<u>Amount</u>	<u>Percent</u>
Lewis & Tibbitts, Inc.	Fremont, CA	\$1,485,325.00	\$675,559	45%
Pacific Underground Construction	San Jose, CA	\$1,265,690.00	\$465,924	37%
West Valley Construction, Inc.	San Jose, CA	\$1,046,100.00	\$236,334	23%
San Jose Water Company	San Jose, CA	\$926,007.53	\$116,242	13%
Preston Pipelines, Inc.	Milpitas, CA	\$893,500.00	\$83,734	9%
Engineer's Estimate		\$804,373.00		

The bid documents submitted by the low bidder, Preston Pipelines were evaluated and found to be in order. The low bid is 9% above the engineer's estimate. Staff has confirmed that bids were higher than expected because global construction demand has risen sharply for many of the primary commodities needed for the project. The underlying factor in these differences is the rapid price escalation of steel pipe and concrete during the past twelve months. Staff has determined that the low bid is reasonable and acceptable.

However, the low bid exceeds the project's current budget appropriation of \$825,000. Therefore, an appropriation adjustment in the amount of \$240,000 is recommended to fund the award of the project and provide sufficient funding to cover remaining project delivery costs and construction contingencies. A contingency in the amount of \$90,000 is requested for any unforeseen conditions that may arise during construction.

OUTCOMES

The award of the North First Street Parallel Main Phase II 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.

PUBLIC OUTREACH

This project was advertised in March 2005 in the San Jose Mercury News, San Jose Post Record and the Public Works Bid Hotline.

COORDINATION

This project has been coordinated with the Offices of Risk Management, Equality Assurance, Planning Department, City Attorney's Office, Valley Transportation Authority, and Santa Clara County Roads and Airports.

COST IMPLICATION

1. AMOUNT OF RECOMMENDATION: \$893,500

2. COST OF PROJECT:

Project Delivery	\$80,000
Construction	\$893,500
Contingency	\$90,000

TOTAL PROJECT COST **\$1,063,500**

Prior Year Expenditures \$10,000

REMAINING PROJECT COSTS **\$1,053,500**

3. SOURCE OF FUNDING: 502 – Major Facilities Fund

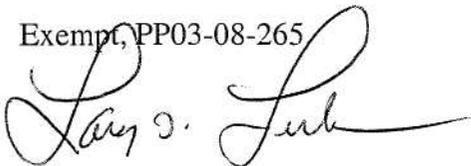
FISCAL IMPACT: The estimated completion date of this project is July 31, 2005. There are no cost implications to the General Fund as a result of this action. This recommendation meets the general principles of the Mayor's FY 2004-05 Budget Strategy of protecting a core service.

BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	Total Appn.	Amt. For Contract	2004-2005 Adopted Capital Budget (Page)	Last Budget Action (Date, Ord. No.)
Remaining Project Costs			\$1,053,500			
Current Funding Available						
502	6072	North First Street Parallel Main – Phase II	\$825,000		Page V-298	
Total Current Funding Available			\$825,000			
Additional Funding Recommended						
502	6072	North First Street Parallel Main – Phase II	\$240,000			
Total Funding for Remaining Project Costs			\$1,065,000	\$893,500		

CEQA

Exempt, PP03-08-265



LARRY D. LISENBEE
 Director, Budget Office



CARL W. MOSHER
 Director, Environmental Services Department