



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Katy Allen

**SUBJECT: 84-INCH RCP INTERCEPTOR  
REHABILITATION PHASE VIB  
PROJECT**

**DATE:** 05-23-05

Approved

Date

6/2/05

Council Districts: 3 & 4

## RECOMMENDATION

Approval to reject all bids for the 84-inch RCP Interceptor Rehabilitation Phase VIB Project and authorization for the Director of Public Works to advertise and re-bid the project.

CEQA: Exempt, PP 02-05-114.

## BACKGROUND

The City's sanitary sewer interceptor system transmits sewage flows from the City of San José, West Valley Sanitation District, the City of Santa Clara and County Sanitation District 2-3. The interceptor system is located primarily along Zanker Road and Fourth Street, extending southerly from the Water Pollution Control Plant (WPCP) to the intersection of Empire and Seventh Streets.

In 1986, the City completed a master plan and design study of the City's major interceptor system. The study provided recommendations to rehabilitate and/or replace the existing major interceptors in order to accommodate additional flows from the ultimate build-out of the urban service area. The rehabilitation and replacement projects were divided into multiple phases in order to implement construction effectively, and to provide for a new Fourth Major Interceptor.

The 84-inch Interceptor Rehabilitation Phase VIB Project is located on Fourth Street between Highway 101 and Burton Street (map attached). A condition assessment study and a remote video inspection identified moderate to severe corrosion in these segments of the interceptor. The study recommended rehabilitation of the interceptor to restore the structural integrity and serviceability of the sewer.

ANALYSIS

Bids were opened on April 28, 2005 with the following results:

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/ (Under) Percent</u>
Michels Pipeline Construction (New Berlin, WI)	\$5,950,880	\$1,052,670	21
<b>Engineer's Estimate</b>	<b>4,898,210</b>	----	----
McGuire and Hester (Gilroy, CA)	4,586,730	(311,480)	(6)
Ranger Pipelines, Inc. (San Francisco, CA)	4,504,960	(393,250)	(8)

Staff recommends rejecting both the first and second apparent low bids, submitted by Ranger Pipelines, Inc. and McGuire and Hester, respectively, on the ground that they are non-responsive.

The project specifications and the Notice to Contractors contained a minimum experience requirement providing that each bidder identify in its bid proposal a project it successfully completed in the past five years involving the installation of at least 1,000 feet of 54-inch or larger segmented slip liner pipe. The information submitted by Ranger Pipelines as part of its bid did not demonstrate that it met this minimum experience requirement. *After* the bids were opened, Ranger Pipelines submitted new information about other projects it had completed. However, staff did not consider this information because it is generally not appropriate to consider documents modifying or supplementing bids after the bids have been opened. The bid submitted by Ranger Pipelines, Inc. therefore, is non-responsive.

McGuire and Hester did not submit any information demonstrating that it met the minimum experience requirement. One of its subcontractors submitted information demonstrating that it met the minimum requirement. However, the specifications require the general contractor to have the necessary experience. Accordingly, the bid submitted by McGuire and Hester is also non-responsive.

The lowest responsive bid was submitted by Michels Pipeline Construction and is 21% above the Engineer's Estimate. The variance between this bid and the Engineer's Estimate appears to be excessive and not a reasonable bid for this project.

In light of the bid irregularities detailed above, rejecting all bids and rebidding the project will provide an opportunity for staff to revise the project specifications to broaden the level of experience required for this project. Staff intends to generate a larger pool of bidders and hence receive more competitive bids for an award in June 2005.

## **OUTCOME**

The rehabilitation of this sanitary sewer interceptor will restore the structural integrity, prolong the serviceability of the sewer interceptor, and eliminate groundwater infiltration.

## **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.

Staff met with representatives of the adjacent commercial establishments and residents throughout the design process and will continue to coordinate project issues and schedules with all adjacent residences and businesses during construction.

## **COORDINATION**

This project and memorandum have been coordinated with the Departments of Transportation, Environmental Services, Finance, Planning, Building and Code Enforcement, the City Attorney's Office and the City Manager's Budget Office.

## **COST IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION: None

2. COST OF PROJECT:

Project Delivery	\$850,000 *
Construction (Engineer's Estimate)	4,898,210
Contingency	<u>490,000</u>

**TOTAL PROJECT COSTS** \$ **6,238,210**

Prior Year Expenditures (203,584)

**REMAINING PROJECT COSTS** \$ **6,034,626**

\* Project Delivery Cost includes \$354,419 encumbered for professional services and \$495,581 for in-house design and construction management costs.

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

**BUDGET REFERENCE**

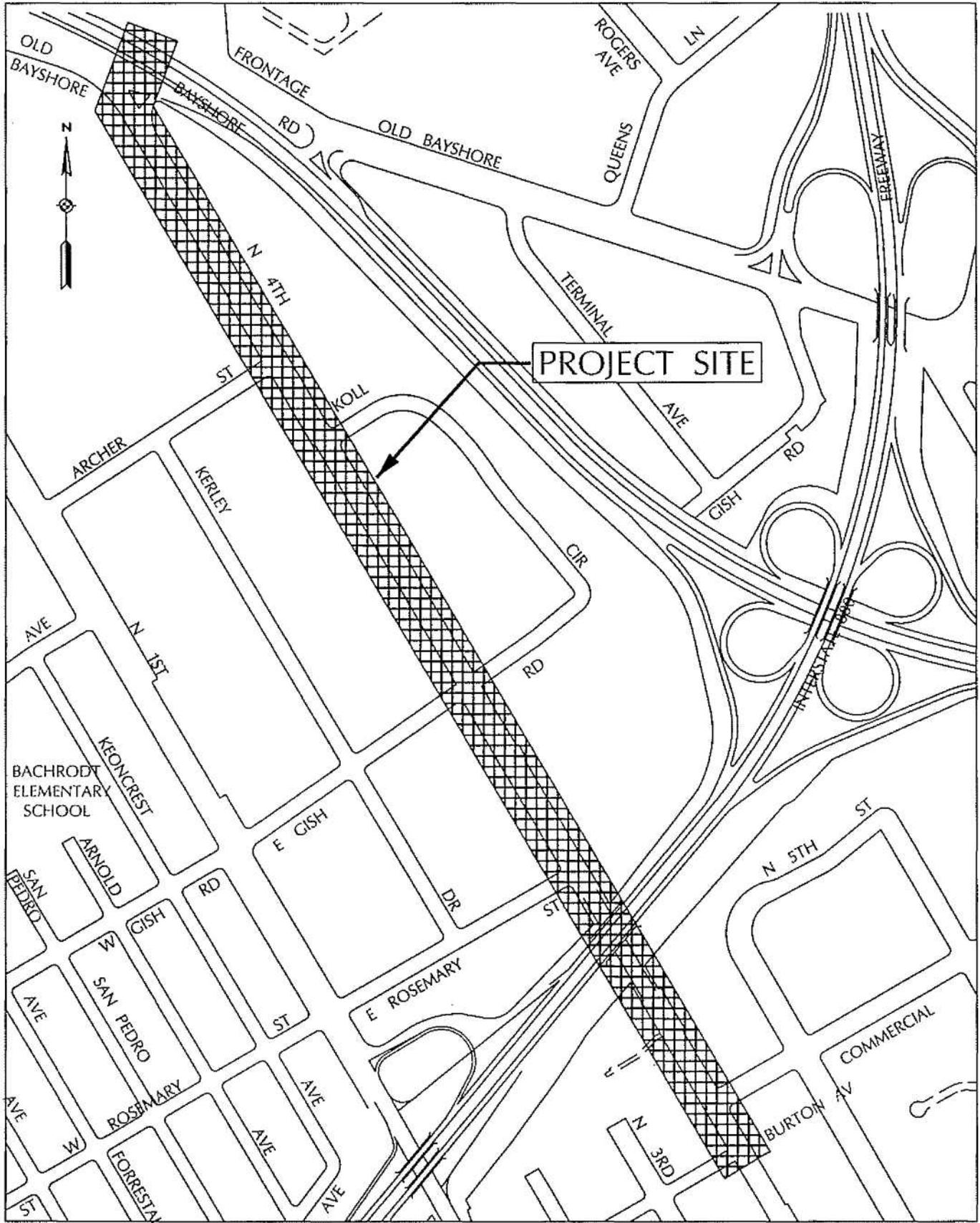
Fund #	Appn #	Appn. Name	Total Appn	Amt. For Contract	2004-2005 Adopted Capital Budget (Page)	Last Budget Action (Date, Ord. No.)
<b>Remaining Project Costs</b>			<b>\$6,034,626</b>			
<b>Current Funding Available</b>						
545	4695	84" RCP Interceptor	\$7,255,000	\$3,798,210	Capital V-173	10/12/04, Ord. No. 27267
545	4271	Miscellaneous Rehabilitation Projects	\$5,429,000	\$1,100,000	Capital V-182	02/08/05, Ord. No. 27350
<b>Total Current Funding Available</b>			<b>\$12,684,000</b>	<b>\$4,898,210</b>		

**CEQA**

Exempt, PP 02-05-114.

*Katy Allen*  
KATY ALLEN  
Director, Public Works Department

# 84" RCP INTERCEPTOR REHABILITATION PH VIB



LOCATION MAP  
N.T.S.