



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Stufflebean

SUBJECT: SEE BELOW

DATE: 07-26-06

Approved

Date

7/28/06

COUNCIL DISTRICTS: 3, 8

SNI AREA: Spartan Keyes

SUBJECT: SOUTH BAY WATER RECYCLING PROGRAM, SJ-14 PUMP STATIONS 5 & 8/11 RELIABILITY PROJECT

RECOMMENDATION

Report on bids and award of contract for the SJ-14 Pump Stations 5 & 8/11 Reliability Project to the low bidder, Anderson Pacific Engineering Construction Inc., in the amount of \$3,736,200, and approval of a contingency in the amount of \$370,000.

OUTCOME

The award of the SJ-14 Pump Stations 5 & 8/11 Reliability Project and approval of contingency funding will enable the construction of this project, which will improve recycled water system reliability and provide a reliable source of water to the system customers.

BACKGROUND

On June 19, 2001, Council adopted the South Bay Water Recycling (SBWR) Phase 2 Expansion Program that included extension of additional recycled waterlines and infrastructure improvements to increase the reliability of the system. The recycled water system has four major pump stations: Transmission Pump Station (TPS) located at the Water Pollution Control Plant, Pump Station 5 located on Keyes Street at 12th Street, and Pump Stations 8 and 11 co-located on Yerba Buena Avenue at Baronet Court.

TPS serves customers in Pressure Zone 1, which includes the Cities of Santa Clara, Milpitas, and the downtown area of San José. Pump Stations 5 and 8 serve Pressure Zone 2, which includes customers along the Senter Road corridor in central San José, and Pump Station 11 serves customers in the Evergreen, Edenvale, and Coyote areas. Power failures at Pump Stations 5 and 8/11 have resulted in disruption of recycled water deliveries to system customers. In addition, Pump Station 8/11 is an open-air facility, which has subjected the pumps and electrical equipment to accelerated deterioration due to adverse impacts of weather, reducing their reliability.

The SBWR Program, SJ-14 Pump Stations 5 & 8/11 Reliability Project will increase the operational reliability of the two pumping locations. Two emergency generators: a 2-Megawatt (MW) located at Pump Station 8/11 and a 750-Kilowatt (KW) located at the Keyes Pump Station will increase the reliability of the two pump stations during periods of PG&E power failures. Construction of an enclosure, including air handling facility over the pumps and electrical equipment at Pump Station 8/11, will reduce the effect of weather and will increase the operational reliability. Minor piping and drainage modifications and landscape work have been added to the project to improve the operation of the facility.

ANALYSIS

Bids for the project were opened on June 29, 2006, with the following results:

<u>Contractor</u>	<u>City</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
Anderson Pacific	Santa Clara	\$3,736,200	\$636,200	20%
Engineer's Estimate		\$3,100,000		

The bid documents submitted by the sole bidder, Anderson Pacific Engineering Construction, Inc., were evaluated and found to be in order. The bid is 20% above the engineer's estimate. Prior to bid opening, staff advertised the project and conducted outreach to prospective prime contractors. Once bids were opened, staff contacted several contractors that obtained plans and specifications, yet had not submitted a bid. The contractors indicated that in general, due to full work schedules, they did not have the resources available for additional work.

The engineering design consultant was contacted to explain the difference in bid estimate and bid amount. Per the consultant, the higher costs reflect the bidding climate and the high volume of work available. In addition, the costs compensated for a long lead time for the generators.

Staff has concluded that the bid is reasonable and acceptable. Accordingly, staff recommends awarding the contract to the sole bidder, Anderson Pacific Engineering Construction, Inc. A contingency in the amount of \$370,000 is requested for any unforeseen conditions that may arise during construction.

POLICY ALTERNATIVES

Alternative 1: Reject the bid and drop the project.

Pros: Ability to fund additional capital projects.

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

Reason for not recommending: Both service disruptions and equipment deterioration would continue to negatively affect customers 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 not result in more bidders, and it may increase costs to the City.

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

Alternative 3: Reject the bid and redesign the project with City purchasing of the generators directly.

Pros: Allow contractor to complete work in a truncated time frame.

Cons: Postponement of the project, and possible higher overall costs.

Reason for not recommending: Extended potential for service disruptions and increased costs to the City.

PUBLIC OUTREACH/INTEREST

- ✓ **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 item meets criteria 1: Requires Council action on the use of public funds equal to \$1 million or greater. To solicit contractors this project was listed on the City's Internet Bid Line and advertised in the *San José Post Record*. Bid packages were provided to various contractor organizations.

This award memo will be posted on the City's website for the August 15, 2006 Council Agenda.

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. This item is scheduled to be heard at the August 10, 2006 meeting of the Treatment Plant Advisory Committee.

FISCAL/POLICY ALIGNMENT

The SJ-14 Pump Stations 5 & 8/11 Reliability Project aligns with the City's policy of delivering services at a higher quality, with better flexibility, at a lower cost. It also reserves options for the

future while minimizing adverse impacts on essential public services. The project facilitates the use of recycled water, conserving resources for present and future generations.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

Project Delivery	\$ 1,150,000
Construction	\$ 3,736,200
Contingency	\$ 370,000
Total Project Costs	\$ 5,256,200

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

Mobilization	\$ 295,000
Sheeting, Shoring and Bracing	\$ 700
Recirculation Line at Pump Station 8/11	\$ 155,000
Potable Water Line with Fire Hydrants at Pump Station 8/11	\$ 29,000
Manual Shutoff Valves at Pump Station 8/11 for Pumps No. 5 and 6 (Revocable)	\$ 22,000
Manual Shutoff Valve and Check Valve at Pump Station 8/11 for Pump No. 8	\$ 10,000
Drainage Trench at Pumps Station 8/11	\$ 24,000
Modifications to the Meter Vault at Pump Station 8/11	\$ 17,000
Pre-engineered Building at Pump Station 8/11	\$ 438,000
Electrical Overhead Traveling Crane and Gantry Crane at Pump Station 8/11	\$ 69,000
2 MW Engine-Generator Set at Pump Station 8/11	\$ 1,100,000
Lighting, Electrical, and HVAC System at Pump Station	\$ 636,000
Landscaping and Sprinkler Repair at Pump Station 8/11	\$ 70,000
Restroom Installation at Pump Station 8/11	\$ 26,000
Pipe, Pump and Valve Painting at Pump Station 8/11	\$ 29,000
750 KW Engine-Generator Set at Pump Station 5	\$ 810,000
HVAC System at Pump Station 5	\$ 5,500
TOTAL AGREEMENT/CONTRACT AMOUNT	\$ 3,736,200

3. SOURCE OF FUNDING: 512 – San José/Santa Clara Treatment Plant Capital Fund

4. FISCAL IMPACT: The improvements to Pump Station 5 and 8/11 will decrease maintenance costs starting in FY 2007-2008.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Contract	2006-2007 Proposed Capital Budget Page*	Last Budget Action (Date, Ord. No.)
512	6589	Revised South Bay Action Plan- SBWR Extension	\$9,391,000	\$3,736,200	V-146	

* The 2006-2007 Proposed Capital Budget was approved by the City Council on 6/20/2006.

CEQA

CEQA: Exempt, File No. SP04-054 (Station 5) and PD04-068 (Station 8/11)



JOHN STUFFLEBEAN
Director, Environmental Services

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