



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Stufflebean

SUBJECT: SEE BELOW

DATE: 08-06-07

Approved  Date 8/2/07

COUNCIL DISTRICT: City-Wide

SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR THE SAN JOSÉ/SANTA CLARA WATER POLLUTION CONTROL PLANT, FY 2007/2008 CIP, 30-INCH GATE VALVES REPLACEMENT

RECOMMENDATION

Report on bids and award of construction contract for the project entitled, “San José/Santa Clara Water Pollution Control Plant, FY 2007/2008 CIP, 30-inch Gate Valves Replacement for Process Water Pump Project,” to the low bidder, ERS Industrial Services, Inc. in the amount of \$117,503.38; and approval of a contingency in the amount of \$12,000.

OUTCOME

Award of this construction contract will allow for the removal and replacement of the four existing 30-inch gate valves located in the Filter Influent Pump Station Building (FIPS) and the associated pipe spools.

BACKGROUND

Within the San José/Santa Clara Water Pollution Control Plant (Plant) are numerous large engine generators used for the production of electricity. Like any internal combustion engine, these engines must be cooled to ensure proper operating temperatures. At the Plant, due to the availability of large volumes of treated water, this same water is diverted and pumped directly to large engines as an efficient means of cooling equipment. This treated water is also used as a non-potable water source for washing down process areas.

The FIPS Building gate valves are the large mechanical control devices that are used to regulate the flow of treated water as it is returned back to the Plant for the cooling of mechanical equipment. These valves, and the associated piping spools, are over thirty-five years old, and have exceeded their useful years of service. This is best demonstrated by the presence of excessive leaking and maintenance costs.

ANALYSIS

Six bids for the project were received and opened on July 12, 2007. The results of the bids are as follows:

| <u>Contractor</u> | <u>City</u> | <u>Bid Amount</u> | <u>Variance Over (Under)</u> <u>City's Internal estimate</u> | |
|--|---------------|-------------------|---|----------------|
| | | | <u>Amount</u> | <u>Percent</u> |
| Monterey Mechanical Co. | Oakland | \$200,000 | \$60,000 | 42.9% |
| D.W. Nicholson Corp., Inc. | Hayward | \$179,725 | \$39,725 | 28.4% |
| D'Arcy & Harty Construction, Inc. | San Francisco | \$174,000 | \$34,000 | 24.3% |
| Engineer's Estimate | | \$140,000 | | |
| TNT Industrial Contractors, Inc. | Sacramento | \$132,975 | \$7,025 | -5% |
| Anderson Pacific Engineering Construction, Inc. | Santa Clara | \$121,700 | \$18,300 | -13.1% |
| ERS Industrial Services, Inc. | Fremont | \$117,503.38 | \$22,496.62 | -16.1% |

Of the six bids received, ERS Industrial Services, Inc., with a responsive bid of \$117,503.38 is the low bidder and is 16.1% less than the City's estimate.

In 2001, ERS Industrial Services completed construction at the Plant for the gravity filter system replacement and again during 2005 for the air diffusers replacement project. Each time their overall service and performance was determined to be satisfactory. In addition to this, Plant staff have completed reference checks on ERS Industrial Services Inc. and received favorable comments from others on past contracts they have completed.

EVALUATION AND FOLLOW-UP

The project is currently within budget with a projected completion of February 2008. This project was previously bid during October 2006 and the lone bid was rejected by Council during the January 9, 2007 meeting due to the significant difference between the Engineer's estimate and the bid. The re-bidding of the project has resulted in more bids and a low bid of \$60,000 less than the previous bid. No additional follow up actions with the Council are expected at this time.

POLICY ALTERNATIVES

Alternative: Utilize City Employees to Complete the Project

Pro: Potential savings of money by using in-house staff.

Cons: Lack of experience and resources to perform the work.

Reason for not recommending: City staff lack the experience and resources needed to do this work which requires accessing and working in a confined area to replace the valves.

PUBLIC OUTREACH/INTEREST

This action does meet any of the criterion listed below, however, as a common practice, a Notice-to Contractors inviting qualified firm to submit bids was published by the City Clerk Office in the *San José Post Record*, and by the City's Project Manager on Environmental Services Department website and Public Works Department Bid Hotline. This memo has been posted on the City's website for the August 28, 2007 Council Agenda.

- 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)**

COORDINATION

This project and memorandum have been coordinated with the Office of Risk Management, Equality Assurance, City Manager's Budget Office, and the City Attorney's Office. As part of the "contracting-in" evaluation, this project was approved for outsourcing by the City's Contracting-In Committee due to the lack of technical skills required to implement this project within the City. This item is scheduled to be heard at the August 9, 2007 Treatment Plant Advisory Committee (TPAC) meeting.

FISCAL/POLICY ALIGNMENT

This Council item is consistent with Council approved Budget Strategy Memo General Principle #2: "We must focus on protecting our vital core City services."

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT: \$129,503.38
2. COST OF AGREEMENT:

| | |
|--------------------|---------------------|
| Construction | \$117,503.38 |
| Contingency | <u>\$ 12,000.00</u> |
| Total Project Cost | \$129,503.38 |

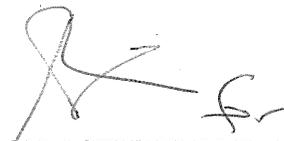
3. SOURCE OF FUNDING: 512- San José/Santa Clara Treatment Plant Capital Fund
4. FISCAL IMPACT: Existing fund are available for this project. No additional appropriation action is required.

BUDGET REFERENCE

| Fund # | Appn # | Appn. Name | RC # | Total Appn. | Amt. for Contract | Proposed CIP Budget Page | Last Budget Action (Date, Ord. No.) |
|--|--------|-----------------------------------|------|--------------------|---------------------|--------------------------|-------------------------------------|
| Remaining Project Costs | | | | 129,503.38 | | | |
| Current Funding Available | | | | | | | |
| 512 | 5690 | Plant Infrastructure Improvements | | \$2,553,000 | \$129,503.38 | V-TBD | 6-19-2007 |
| Total Current Funding Available | | | | \$2,553,000 | \$129,503.38 | | |
| Total Funding for Remaining Project Costs | | | | 129,503.38 | 129,503.38 | | |

CEQA

CEQA: Exempt, PP05-124.


 JOHN STUFFLEBEAN
 Director, Environmental Services Department

For questions please contact Ting Ong, Senior Engineer, Technical Services Division, at (408) 945-5132.