



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Stufflebean

SUBJECT: SEE BELOW

DATE: 09-06-06

Approved

Kay Wilson

Date

8/31/06

COUNCIL DISTRICT: City-Wide

SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR INSTALLATION OF POTABLE AND NON-POTABLE WATER SERVICES AND MAINS: 2006-2007

RECOMMENDATION

Report on bids and award of contract for Installation of Potable and Non-Potable Water Services and Mains: 2006-2007 to the low bidder, San José Water Company, for the estimated term of October 2006 to November 2007, in an amount not to exceed \$573,485.69.

OUTCOME

The award of the Installation of Potable and Non-Potable Water Services and Mains: 2006-2007 project will enable the construction of new services and provide a reliable source of water to new and existing customers.

BACKGROUND

The Municipal Water System (Muni Water) bids an annual contract for miscellaneous new water service installations for commercial, industrial and residential developments to Muni Water and South Bay Water Recycling (SBWR). This contract allows all new installations to be made by one contractor for the one-year duration of the contract, instead of processing a separate contract for each installation.

The installation work consists of such items as installing water mains, service laterals, and furnishing and installing pipes, valves, fittings, and all appurtenances necessary to install service laterals.

The Contractor is required to effect permanent installations within a thirty calendar day period from the date they are given a design drawing for a particular installation.

ANALYSIS

Bids for this project were opened on August 3, 2006, 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>
West Valley Construction	Campbell	\$590,390.00	\$55,354.29	10%
San José Water Company	San José	\$573,485.69	\$38,449.98	7%
Engineer's Estimate		\$535,035.71	--	--

The low bid submitted by San José Water Company is 7% above the Engineer's estimate. The bid has been reviewed, analyzed, and found acceptable.

POLICY ALTERNATIVES

Alternative #1: Reject all bids and drop the project.

Pros: There are no pros to this alternative.

Cons: Customers will experience a prolonged development process, and a new contract will need to be processed for each individual new service.

Reason for not recommending: The extended timeline of each new service installation would negatively affect customers, and would increase City costs associated with the time and effort required to repeatedly create individual contracts.

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 does not meet any of the above criteria. To solicit contractors, this project was advertised in July 2006 in the *San José Post Record*, as well as on the Public Works Bid Hotline and Environmental Services RFP/Bids list.

COORDINATION

This project has been coordinated with Risk Management, Equality Assurance, the City Manager's Budget Office and the City Attorney's Office. This item is scheduled to be heard at the September 14, 2006 meeting of the Treatment Plant Advisory Committee.

FISCAL/POLICY ALIGNMENT

This project aligns with the City policy of improving employee productivity so that services are delivered at a higher quality, with better flexibility, at a lower cost. The project will also serve to improve the speed, consistency, and predictability of the development review process.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION:

Construction	\$573,485.69
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2. COST ELEMENTS OF CONTRACT:

Installations – Potable	\$323,485.69
Installations – Non-Potable	\$250,000.00
TOTAL CONTRACT AMOUNT	\$573,485.69

3. SOURCE OF FUNDING: 500 - Water Utility Capital Fund
 512 - San José/Santa Clara Treatment Plant Capital Fund

4. FISCAL IMPACT: There are no cost implications to the General Fund as a result of this action. This recommendation meets the general principles of the City's FY 2006-07 Budget Message of providing essential public services.

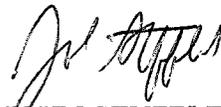
BUDGET REFERENCE

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Contract	2006-2007 Proposed Capital Budget Page*	Last Budget Action (Date, Ord. No.)
500	4348	Service Installations	\$350,000	\$323,485.69	V-184	
512	6589	Revised SBAP-SBWR Extension	\$9,391,000	\$250,000.00	V-146	

*Adopted by City Council on June 27, 2006

CEQA

Exempt, File No. PP05-130



JOHN STUFFLEBEAN
Director, Environmental Services

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