



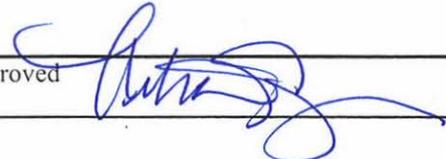
Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Stufflebean
Jennifer Maguire

SUBJECT: SEE BELOW

DATE: 11-13-07

Approved  Date 11/18/07

COUNCIL DISTRICT: 8

SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR NORWOOD PUMP STATION REPLACEMENT

RECOMMENDATION

1. Report on bids and award of contract for Norwood Pump Station Replacement to the low bidder, Anderson Pacific Engineering Construction, Inc., for the term of January 2008 to July 2008, in an amount not to exceed \$1,191,125, and approve a project contingency in the amount of \$100,000.
2. Adopt the following Appropriation Ordinance amendments in the Water Utility Capital Fund:
 - a. Increase the appropriation to the Environmental Services Department for the Norwood Pump Station Replacement project in the amount of \$300,000; and
 - b. Decrease the Ending Fund Balance by \$300,000.
3. Adopt the following Appropriation Ordinance amendments in the Major Facilities Fund:
 - a. Increase the appropriation to the Environmental Services Department for the Norwood Pump Station Replacement project in the amount of \$300,000; and
 - b. Decrease the Ending Fund Balance by \$300,000.

OUTCOME

The award of the Norwood Pump Station Replacement project will allow for the replacement of an existing potable water pump station originally constructed in 1976.

BACKGROUND

The scope of the project consists of the replacement and upgrade of an existing pump station that has reached the end of its useful life located at 3580 Norwood Avenue in the Evergreen Service Area. The new pump station will increase the security and reliability of the potable water supply.

The project scope shall consist of the purchase and installation of pipe, valves and appurtenances, submersible pump cans, three submersible pumps, installation of new electrical facilities, instrumentation and controls, abandonment of existing facilities, construction of a new pre-engineered building, and demolition of existing pump equipment.

ANALYSIS

Bids were received by the City on the project bid date of October 18, 2007, with the following results:

<u>Contractor</u>	<u>City</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
Lewis & Tibitts, Inc.	Fremont, CA	\$2,129,070	\$1,289,070	(153%)
McGuire & Hester	Oakland, CA	\$1,908,340	\$1,068,340	(127%)
Gantry Constructors	Clarkdale, AZ	\$1,667,070	\$827,070	(98%)
Proven Management	San Francisco, CA	\$1,280,990	\$440,990	(52%)
Anderson Pacific, Inc.	Santa Clara, CA	\$1,191,125	\$351,125	(42%)
Engineer's Estimate		\$840,000		

The bid documents submitted by the low bidder, Anderson Pacific, Inc., were evaluated and found to be in order. The low bid is 42% above the Engineer's estimate. In reviewing the bid results it was determined the higher costs were attributable to three major factors.

The complexity of installing the pump station pipelines to depths in excess of 30 feet within the confines of the existing infrastructure proved more costly than anticipated, adding roughly \$100,000 over the estimate for that item. The rising global prices for raw and manufactured materials such as steel, copper, and aluminum resulted in \$70,000 and \$60,000 bids over the Engineer's estimates for the building and electrical items, respectively. A major factor affecting all bid items is the rising cost of fuel for transportation and equipment. In view of these factors, staff has concluded that the low bid is reasonable and acceptable.

The project allocation included in the Adopted CIP totals \$820,000 (\$770,000 allocated in 2007-2008 and \$50,000 allocated in 2008-2009). With the construction award recommended in this memorandum, the total project funding required is estimated at \$1,420,000 which includes the construction award (\$1,191,125), project delivery costs (\$128,875), and construction contingencies (\$100,000) to fund unforeseen conditions that may arise during construction. Therefore, an appropriation adjustment in the amount of \$600,000 is recommended to fund the award of the project and remaining project costs. Corresponding decreases to the Ending Fund Balance in the Major Facilities Fund (\$300,000) and the Water Utility Capital Fund (\$300,000)

are recommended in this memorandum. Sufficient Ending Fund Balance is available in 2007-2008 in the Major Facilities Fund and Water Utility Capital Fund to offset this adjustment. It should be noted, however, that the estimated 2009-2010 Ending Fund Balance in the Water Utility Capital Fund in the 2008-2012 Adopted CIP is \$99,028. Approval of the recommended actions will require the Environmental Services Department to reevaluate needs and prioritize future projects in this fund for Council consideration during the next budget process.

EVALUATION AND FOLLOW-UP

The project is on schedule with a projected completion date of July 2008. An appropriation adjustment is recommended to fund the award of the project. No additional follow up actions with the Council are expected at this time.

POLICY ALTERNATIVES

Alternative 1: Reject all bids and drop the project

Pros: Cost savings

Cons: Continued system unreliability and accelerated deterioration of the facilities

Reason for not recommending: A decreased level of security for the potable water supply and service disruptions would negatively affect customers in this neighborhood 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 increase costs to the City by bidding at a time when more projects are out to bid, decreasing competition and possibly generating higher bid amounts.

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

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 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)**
- Criterion 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 memorandum is posted on the City's website for the December 4, 2007 City Council agenda.

COORDINATION

This project has been coordinated with Risk Management, Equality Assurance and the City Attorney's Office.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

Project Delivery	\$ 128,875
Construction	\$ 1,191,125
Contingency	\$ 100,000
Total Project Costs	\$ 1,420,000

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

Mobilization	\$ 80,000
Underground Piping (DIP)	\$ 250,000
Above ground piping (DIP)	\$ 55,000
Connection to 18-inch main	\$ 95,000
Connection to 12-inch discharge main	\$ 8,000
Install pumps and motors	\$ 380,000
Install pre-engineered building	\$ 140,000
Electrical installation	\$ 100,000
Abandon existing facilities	\$ 25,000
Collect and provide GPS data	\$ 1,000
Replace asphalt concrete outside of trenched area (Revocable)	\$ 3,000
Remove and replace concrete curb and gutter (Revocable)	\$ 2,000
Painting	\$ 14,000
Install altitude valve	\$ 30,000
Slurry seal existing AC (Revocable)	\$ 8,125

3. SOURCE OF FUNDING: 500 – Water Utility Capital Fund
 502 – Major Water Facilities Fee 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 2007-08 Budget Message of providing essential public services while valuing financial sustainability and cost recovery.

BUDGET REFERENCE

The table below identifies the fund and appropriations proposed to fund the contract recommended as part of this memo and remaining project costs, including project delivery, construction, and contingency costs.

Fund #	Appn. #	Appn. Name	RC #	Total Appn.	Amt. For Contract	2007-2008 Adopted Capital Budget (Page)	Last Budget Action (Date, Ord. No.)
Total Project Costs				\$1,420,000			
Current Funding Available							
500	5519	Norwood Pump Station Replacement	144605	\$470,000		V-195	6/19/2007
502	5519	Norwood Pump Station Replacement	144605	\$300,000		V-195	6/19/2007
Total Current Funding Available				\$770,000			
Total Funding in Future Years				\$50,000			
Additional Funding Recommended							
500	8999	Ending Fund Balance		\$300,000*		V-188	10/16/2007 28143
502	8999	Ending Fund Balance		\$300,000**		V-188	10/16/2007 28143
Total Funding for Project Costs				\$1,420,000	\$1,191,125		

* With the recommendations included in this memorandum, the Ending Fund Balance will decrease from \$788,708 to \$488,708.

** With the recommendations included in this memorandum, the Ending Fund Balance will decrease from \$1,837,894 to \$1,537,894.

CEQA

Exempt, File PP07-136.



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