



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Stufflebean

SUBJECT: SEE BELOW

DATE: 05-27-08

Approved

Date

5-29-08

COUNCIL DISTRICT: City-Wide

SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT TO THE LOWEST RESPONSIVE BIDDER, ASHRON CONSTRUCTION AND RESTORATION, INC., HANDRAIL REPLACEMENT AND CONCRETE REPAIR FOR THE GRIT REMOVAL TANKS AND DISSOLVED AIR FLOATATION TANKS

RECOMMENDATION

Report on bids and award of construction contract for "Handrail Replacement and Concrete Repair for Grit Removal Tanks and Dissolved Air Floatation Tanks" to the lowest responsive bidder, Ashron Construction and Restoration, Inc., in the amount of \$477,869 and approval of a 15% contingency in the amount of \$72,000.

OUTCOME

Award of this construction contract will enhance safety around the grit removal and the dissolved air floatation (DAF) thickener tank areas by repairing the existing concrete cracks and spalls and by replacing the existing aging and corroded steel handrails with aluminum handrails. Approval of a 15% contingency will provide funding for any unanticipated work necessary for the completion of the project.

BACKGROUND

The grit removal tanks and the DAF thickener tanks were constructed in the early sixties, and seventies. These areas are subject to corrosion due to hydrogen sulfide gas emanating from the wastewater and the sludge. Over the past thirty years both the concrete structures and the steel handrails around the structures have shown signs of heavy corrosion and deterioration. The concrete structures have developed cracks and spalls and corrosion of the steel posts and railings have advanced to the extent that they pose a safety hazard to Plant staff and personnel working in these areas. As part of this project, approximately 2,500 lineal feet of the existing 2-rail steel

handrail system from the structures will be replaced by a 3-rail aluminum handrail system to meet the latest OSHA code requirement. The cracks and spalls on the concrete structures will be repaired using epoxy injection and other appropriate techniques to rehabilitate the concrete structures and strengthen the support for the new handrail posts.

ANALYSIS

The project was advertised for bid and a total of three bids were received and opened on April 24, 2008 with the following bid results:

<u>Contractor</u>	<u>City</u>	<u>Bid Amount</u>	<u>Variance Over / (Under) Engineer's Estimate Amount</u>	<u>Percent</u>
George Bianchi Construction, Inc.	San Jose	\$648,894	\$248,894	62%
Anderson Pacific Engineering Construction, Inc.	Santa Clara	\$488,000	\$88,000	22%
Ashron Construction & Restoration, Inc.	Mountain View	\$477,869	\$77,869	19.5%
Engineer's Estimate		\$400,000		

Of the three bids received, Ashron Construction & Restoration, Inc. is the lowest responsive bidder with a bid price of \$477,869. This low bid is 19.5% above the Engineer's Estimate. Staff has evaluated the bids and attributes the higher bid prices to the current market condition with increased workload and shortage of qualified contractors. Prior to bid opening, staff advertised the project and conducted outreach to prospective contractors. Once the bids were opened, staff contacted several contractors who had attended the pre-bid meeting, but did not subsequently submit a bid. The contractors indicated that in general, due to full work schedules, they did not have the resources available to perform the work. While the bid prices were higher than the Engineer's Estimate, the spread for the two low bids is minimal. Staff considers the low bid submitted by Ashron Construction & Restoration, Inc. for this project to be competitive and reasonable.

Staff made reference calls to various cities and agencies around the Bay Area, which resulted in favorable comments concerning the service provided by Ashron Construction & Restoration. Based on the bid received and the reference checks, staff believes that Ashron Construction & Restoration possesses suitable and adequate resources, knowledge and technical capabilities to

implement the project and recommends award of the project to Ashron Construction & Restoration.

Council Policy provides for a standard contingency of 10% on public works projects involving utilities. However, staff recommends a 15% contingency for this project to cover for possible scope expansion related to the repair of the concrete structures. Although staff has performed field investigations to locate all areas of concrete cracks and the extent of deterioration in the structures, uncertainty still remains as these critical structures could not be taken out of service for detailed investigations. Recent experience on rehabilitation of aging concrete structures has demonstrated that the potential for additional defects found during construction and changes in the repair methods based on the extent of the defects discovered during construction. The 15% contingency will cover for any unanticipated work necessary for the proper completion of this project.

EVALUATION AND FOLLOW-UP

This project is currently within budget with a projected completion date of December 2008. No additional follow up actions with the Council are expected at this time. Should additional changes to the project be required due to change orders executed beyond the appropriated contingency, staff will bring forward those changes for approval by Council.

POLICY ALTERNATIVES

Alternative 1: Reject bid and drop the project.

Pros: Ability to fund other capital projects.

Cons: Compromise on safety of personnel and staff working in and around the grit removal tanks and the DAF thickener tanks area, due to the possibility of failure of the corroded and non-compliant handrails.

Reason for not recommending: Safety of personnel and staff working in and around the grit removal tanks and the DAF thickener tanks area will be compromised as the existing corroded handrails may fail anytime.

Alternative 2: Reject bid and re-advertise the existing project.

Pros: May result in lower bids.

Cons: Will delay project construction. May not result in lower bids and may increase costs to City. Will lengthen the period of hazards to the Plant staff working around the structures.

Reason for not recommending: Lower bid amounts are not guaranteed. Continued compromised safety conditions for Plant staff working around the structures.

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 action does not meet any of the criterion above, however, as a common practice, a Notice-to-Contractors inviting qualified firms to submit bids was published by the City Clerk Office in the *San Jose 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 June 17, 2008 Council Agenda.

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 June 12, 2008 Treatment Plant Advisory Committee meeting.

FISCAL/POLICY ALIGNMENT

This project is consistent with the Council approved Budget Strategy to focus on rehabilitating aging Plant infrastructure. This project is also consistent with the budget strategy principle of focusing on protecting our vital core services.

COST IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT: \$549,869

Construction	477,869
Contingency	72,000
TOTAL PROJECT COSTS	\$ 549,869
Prior Year Expenditures	\$0
REMAINING PROJECT COSTS	\$ 549,869

2. COST ELEMENTS OF PROJECT

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

Existing funds are available for this project. No additional appropriation action is required.

4. FISCAL IMPACT: Existing funds are available for this project. No additional appropriation action is required.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	RC #	Total Appn.	Amt. for Contract	Adopted CIP Budget Page	Last Budget Action (Date, Ord. No.)
Remaining Project Costs				549,869			
Current Funding Available							
512	5690	Plant Infrastructure Improvements	042853	\$12,690,000	549,869	V-160	10-16-2007, Ord. No. 28143
Total Current Funding Available				\$12,690,000			
Total Funding for Remaining Project Costs				\$12,690,000			

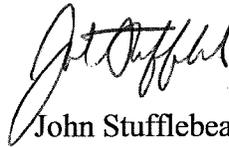
HONORABLE MAYOR AND CITY COUNCIL

05-28-08

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CEQA

Exempt PP07-248



John Stufflebean
Director, Environmental Services

For questions please call Ting Ong, Senior Engineer, Technical Support Services, Environmental Services Department, at (408) 945-5132