



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Stufflebean

SUBJECT: SEE BELOW

DATE: 10-27-08

Approved

Date

10/28/08

COUNCIL DISTRICT: 4

SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR NORTH FIRST STREET PARALLEL MAIN – PHASE III

RECOMMENDATION

Report on bids and award of contract for North First Street Parallel Main – Phase III to the low bidder, Ranger Pipelines, Inc., for the term of December 2008 to April 2009, in an amount not to exceed \$838,550, and approve a project contingency in the amount of \$100,000.

OUTCOME

The award of the North First Street Parallel Main – Phase III project will allow for the replacement of a deteriorating potable waterline originally constructed in 1969.

BACKGROUND

This project will construct a water transmission main in North First Street between Baypointe Drive and Highway 237. The new water line will decrease maintenance costs and increase reliability of the potable water system.

The project scope shall include the construction of a 12-inch diameter ductile iron pipeline, replacing an existing 18-inch techite pipeline that has proven unreliable. It will construct approximately 4,150 feet of water main.

ANALYSIS

Bids were received by the City on the project bid date of October 9, 2008, with the following results:

<u>Contractor</u>	<u>City</u>	<u>Bid Amount</u>	<u>Variance</u>	
			<u>Over/(Under)</u> <u>Amount</u>	<u>Percent</u>
West Valley Construction	San Jose, CA	\$1,368,700	\$66,700	5%
Engineer's Estimate		\$1,302,000		
J&M Inc	Livermore, CA	\$1,076,490	(\$225,510)	(17%)
Lewis & Tibbitts, Inc.	San Jose, CA	\$1,017,869	(\$284,131)	(22%)
Mountain Cascade, Inc.	Livermore, CA	\$976,040	(\$325,960)	(25%)
Granite Construction Company	Watsonville, CA	\$897,230	(\$404,770)	(31%)
Stoloski & Gonzalez, Inc.	Half Moon Bay, CA	\$876,150	(\$425,850)	(33%)
Preston Pipelines, Inc.	Milpitas, CA	\$845,801	(\$456,199)	(35%)
Pacific Underground Construction	San Jose, CA	\$841,850	(\$460,150)	(35%)
Ranger Pipelines, Inc.	San Francisco, CA	\$838,550	(\$463,450)	(36%)

The bid documents submitted by the low bidder, Ranger Pipelines, Inc., were evaluated and found to be in order. The low bid is 36% below the engineer's estimate. The project was advertised during a period of decreased construction activity resulting in higher number of bidders and increased competition for available work. Staff has concluded that the low bid is reasonable and acceptable. Accordingly, staff recommends awarding the contract to Ranger Pipelines, Inc. based on the low bid submitted by this contractor. A contingency in the amount of \$100,000 is requested for any unforeseen conditions that may arise during construction.

EVALUATION AND FOLLOW-UP

The project is on schedule with a projected completion date of July 2009. 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: Capital cost savings

Cons: Continued service disruptions 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 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 November 18, 2008 City Council agenda.

COORDINATION

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

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

Construction	\$ 838,550
Project Delivery	\$ 161,450
Contingency	\$ 100,000
Total Project Costs	\$ 1,100,000

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

Mobilization	\$ 20,000
Additional pot-hole (revocable)	\$ 2,500
Traffic control & detour plan	\$ 5,000
Inline 12-inch gate valve assembly	\$ 28,000
Reconnect fire hydrant lateral	\$ 21,000
Connection to existing waterlines	\$ 21,000
Remove existing vaults	\$ 10,000
Install air relief valve & blowoff assemblies	\$ 4,000
Install anode assembly	\$ 8,000
Abandon existing facilities	\$ 2,000
Collect and provide GPS Data	\$ 3,000
Replace asphalt concrete outside of trenched area (revocable)	\$ 5,000
Remove and replace concrete curb and gutter (revocable)	\$ 1,600
Install temporary above ground piping	\$ 10,000
Video inspect existing main (revocable)	\$ 2,000
Remove obstructions (revocable)	\$ 5,000
Install 12-inch diameter DIP waterline	\$ 566,250
Install 18-inch diameter DIP waterline	\$ 105,000
San Jose Police Officers (revocable)	\$ 19,200
Total	\$ 838,550

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 2008-09 Budget Message of providing essential public services while valuing financial sustainability and cost recovery.

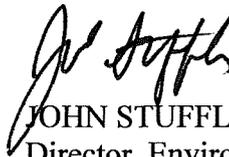
BUDGET REFERENCE

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	2008-2009 Adopted Capital Budget (Page)	Last Budget Action (Date, Ord. No.)
Total Project Costs				\$1,100,000			
Current Funding Available							
500	6504	North First Street Parallel Main	153475	\$940,000	\$278,550	V-185	6/24/08, Ord. #28349
502	6504	North First Street Parallel Main	153475	\$560,000	\$560,000	V-185	6/24/08, Ord. #28349
Total Current Funding Available				\$1,500,000	\$838,550		

CEQA

Exempt, File PP08-187.


JOHN STUFFLEBEAN
Director, Environmental Services

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

