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CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Nadine Nader

SUBJECT: Early Council Packet

DATE: December 1, 2009

Approved Deanna Santana Date 12/1/09

EARLY DISTRIBUTION COUNCIL PACKET FOR DECEMBER 15, 2009

Please find attached the Early Distribution Council Packet for the December 15, 2009 Council Meeting.

7.x Award of Contract for Motor Control Centers at the Water Pollution Control Plant.

Recommendation: Report on bids and award of contract for the MCC H1, MCC H2, MCC J1, and MCC J2 Replacement Project to the lowest responsive bidder, Dynalectric Company, in the amount of $1,637,295; and approval of a budget contingency of 15%, for a total contingency amount of $245,595. CEQA: Exempt, File No. PP04-03-079. (Environmental Services)

This item will also be included in the Council Agenda Packet with an item number.

Nadine Nader

NADINE NADER
Assistant to the City Manager

COUNCIL AGENDA: 12-15-09
ITEM:

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: John Stufflebean

SUBJECT: **SEE BELOW**

DATE: 11-23-09

Approved Deana Fich

Date 12/1/09

COUNCIL DISTRICT: City-Wide

SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT TO THE LOWEST RESPONSIVE BIDDER DYNALECTRIC COMPANY FOR THE SAN JOSE/SANTA CLARA WATER POLLUTION CONTROL PLANT, FISCAL YEAR 2009-2010 CAPITAL IMPROVEMENT PROGRAM, MCC H1, MCC H2, MCC J1, AND MCC J2 REPLACEMENT PROJECT

RECOMMENDATION

Report on bids and award of contract for the MCC H1, MCC H2, MCC J1, and MCC J2 Replacement Project to the lowest responsive bidder, Dynalectric Company, in the amount of $1,637,295; and approval of a budget contingency of 15% contract amount, in the amount of $245,595.

OUTCOME

Approval of this construction contract will provide for the replacement of four aging motor control centers at the Plant and improve the Plant's electrical reliability. Approval of a 15% contingency will provide funding for any work necessary for the proper completion or construction of the project as contemplated by the construction contract."

BACKGROUND

In 2004, a study of the Plant's electrical system was completed. The study recommends that several motor control centers (MCC) be replaced. An MCC is an assembly of electrical components to control and distribute power to motors and other electrical devices. The Plant consists of a total of 42 MCCs. Of these 42 approximately 22 are in need of replacement due to age over the next 5 to 10 years.

In the study, MCC H1 and MCC J1 were rated as two of the most highly recommended to be replaced. After further assessment, plant staff decided to also replace MCC H2 and MCC J2 since MCC H2 and MCC J2 are as old as MCC H1 and MCC J1. The four MCCs are located in the Secondary Blower Building (SBB) and control operations of Secondary facilities, Cooling Tower system, Power and Air systems, Digester system and Primary system. These systems are critical to ensure that all flows to the Plant can be treated. The four MCCs are showing signs of aging and deterioration. The old design and deterioration of the four MCCs have made it necessary to replace them in order to increase the reliability of the Plant electrical system. This project is one in a series of projects in an effort to upgrade the Plant's electrical reliability.

ANALYSIS

Bids were opened on 5 November 2009 with the following results:

			Variance Over/(Under) Engineer's Estimate	
Contractor	City	Bid Amount	Amount	Percent
Engineer's Estimate		**$2,683,206**		
Blocka Construction	Fremont	$2,330,000	($353,206)	(13%)
Vellutini Corporation dba Royal Electric Company	Sacramento	$1,897,000	($786,206)	(29%)
Anderson Pacific	Santa Clara	$1,755,000	($928,206)	(35%)
Rosendin Electric	San Jose	$1,637,789	($1,045,417)	(39%)
Dynalectric	San Francisco	$1,637,295	($1,045,911)	(39%)

Staff received and analyzed all five submitted bids and determined all of them to be responsive, except for Blocka Construction, which did not acknowledge the addendum. Dynalectric is the lowest bidder with a bid price of $1,637,295, which is 39% below the engineer's estimate. This bid and the variance between the engineer's estimate is reflective of the current competitive bid-market due to the economic downturn.

Council Policy provides for a standard contingency of 10% on public works projects involving utilities. However, staff recommends a 15% contingency because this project involves MCCs that were installed more than 40 years ago and were modified many times over the years. As was seen with many recent rehabilitation projects at the Plant, construction in an active area of the treatment process presents unique challenges that are unknown during design. The 15%

contingency is expected to cover for any unanticipated tasks necessary for proper completion of this work.

EVALUATION AND FOLLOW-UP

The project is currently within budget with a projected completion of March 2012. 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 all bids and drop the project.
Pros: Ability to fund alternative capital projects.
Cons: Continued use of existing degraded electrical distribution system poses a great risk to reliable operation of the plant.
Reason for not recommending: If this project is not implemented, the Plant's electrical distribution system is susceptible to failure which could lead to the Plant's inability to distribute power and treat wastewater, causing severe damage to electrical distribution system and equipment from flooding, and potentially discharging untreated wastewater into the bay.

Alternative # 2: Reject all bids and have staff complete this project.
Pros: The Plant's staff is familiar with the equipment and Plant conditions, and could provide a design and installation more efficiently.
Cons: The Plant's staff time will be substantially increased to design and install the MCCs.
Reason for not recommending: The existing Plant staffing cannot support the additional design and construction effort required to procure and install the MCCs.

PUBLIC OUTREACH / INTEREST

This action meets criteria 1 below. A Notice-to-Contractors inviting qualified firms to submit bids was published by the City Clerk's Office in the San Jose Post Record, and by the City's Project Manager on the Environmental Services Department website and Public Works Department Bid Hotline. Bid documents were also sent to the Builder's Exchanges of the surrounding Bay area cities and counties. This memo will be posted on the City's website for the December, 15, 2009 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 Risk Management, Office of Equality Assurance, the City Manager's Budget Office, and the City Attorney's Office. This item is scheduled to be heard at the December 10, 2009 Treatment Plant Advisory Committee (TPAC) meeting.

FISCAL/POLICY ALIGNMENT

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

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT: **$1,637,295**

2. COST ELEMENTS OF PROJECT:

Construction	$1,637,295
Contingency	$245,595
TOTAL PROJECT COSTS	$1,882,890
Prior Year Expenditures	$0
REMAINING PROJECT COSTS	**$1,882,890**

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: The proposed operating and maintenance costs of this project have been reviewed and it has been determined that the project will have no impact to the Treatment Plant Operations and Maintenance budget.

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. Recommended	Adopted Budget (Page)	Last Budget Action (Date, Ord. No.)
Remaining Project Costs					$1,882,890		
Current Funding Available							
512	4341	Plant Electrical Reliability	158355	**$20,900,000**	$1,882,890	V-147	6/23/2009; 28593
Total Funding for Projects				**$20,900,000**	$1,882,890		

CEQA

Exempt, PP04-03-079

/s/
JOHN STUFFLEBEAN
Director, Environmental Services

For questions, please contact Bhavani Yerrapotu, Division Manager, Environmental Services, at 945-5321.