



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: John Stufflebean

SUBJECT: SEE BELOW

DATE: 03-22-10

Approved

Date

3/25/10

COUNCIL DISTRICT: City-Wide

SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR THE SAN JOSÉ/SANTA CLARA WATER POLLUTION CONTROL PLANT, RAS & SS VALVE REPLACEMENT PROJECT, SECONDARY – TUNNEL BATTERY B (B-1 THRU B-6)

RECOMMENDATION

Report on bids and award of construction contract for the RAS & SS VALVE REPLACEMENT PROJECT SECONDARY – TUNNEL BATTERY B (B-1 THRU B-6) to the low bidder, Anderson Pacific Engineering Construction, Inc., in the amount of \$587,000, and approval of a contingency in the amount of \$58,700.

OUTCOME

Award of this construction contract will allow the RAS & SS Valve Replacement project to be implemented within the scheduled completion date of September 2010. Approval of the contingency will allow funding for unforeseen conditions encountered during construction of the project.

BACKGROUND

The Plant's Secondary Aeration Process provides biological treatment of wastewater that has undergone primary sedimentation (settled sewage). The aeration process takes place in two batteries of tanks: Battery A (North) and Battery B (South). Each battery contains eight (8) aeration tanks. Settled sewage (SS) from the primary settling tanks and return activated sludge (RAS) from the secondary clarifiers are pumped into each of the aeration tanks through separate piping for biological treatment. For optimum process performance, both the settled sewage and the return activated sludge are pumped into each tank in measured volumes. Flow control is

achieved by automatic control of the butterfly valves on each of the SS and the RAS lines to the tanks.

The existing manual and control valves are over 35 years old and they have been difficult to operate and control. These corroded valves are also leaking and in some cases inoperable, resulting in treatment process inefficiencies such as the increased need for aeration, increased energy usage and reduced effluent quality from the Secondary aeration tanks.

The RAS and SS valves replacement have been scheduled to take place in two phases in order to allow continuous biological treatment of the wastewater without interruption. Twelve of the 36-inch SS valves and twelve 30-inch RAS valves in six of the eight tanks in Battery A (tanks A-1 through to A-6) were replaced in Fiscal Year 2008-2009. Twelve of the 36-inch SS valves and twelve 30-inch RAS valves in six of the eight tanks in Battery B (tanks B-1 through to B-6) will be replaced under this project.

Under this project, the existing butterfly valves in Battery B (South side) will be replaced with new butterfly valves, valve actuators, and valve positioners.

ANALYSIS

The project was advertised for bid and a total of six bids were received and opened on February 25, 2010 with the following bid results:

<u>Contractor</u>	<u>City</u>	<u>Bid Amount</u>	<u>Variance Over/Under City's</u>	
			<u>Internal Estimate of \$661,000</u>	<u>Amount</u>
Spieß Construction Co. Inc.	Santa Maria	\$699,840.00	\$38,840.00	5.9%
Environmental Systems, Inc.	Santa Clara	\$685,600.00	\$24,600.00	3.7%
Con-Quest Contractors, Inc.	San Francisco	\$672,600.00	\$11,600.00	1.8%
Pacific Infrastructure Corp.	Pleasanton	\$668,000.00	\$7,000.00	1.1%
Engineer's Estimate		\$661,000.00		
Casey Construction, Inc.	Emerald Hills	\$608,634.00	(\$52,366.00)	(7.9%)
Anderson Pacific Engineering Construction, Inc.	Santa Clara	\$587,000.00	(\$74,000.00)	(11.2%)

Anderson Pacific Engineering Construction, Inc.'s bid of \$687,000.00 is the low bid. It is 11.2% less than the engineer's estimate. Staff has determined that the bid is responsive. Moreover, Anderson Pacific Engineering Construction, Inc. has satisfactorily completed various construction projects at the Plant in the past, including the previous phase of the RAS and SS valve replacement project. Based on staff's experience with this contractor on prior projects, staff believes that Anderson Pacific possesses adequate knowledge and technical capabilities to implement this project.

Council Policy provides for a standard contingency of 10% on public works projects involving utilities. Staff considers the standard contingency appropriate for this project.

EVALUATION AND FOLLOW-UP

The project is currently within budget with a projected completion date of September 2010. No additional follow up actions with the Council are expected at this time.

POLICY ALTERNATIVES

Alternative # 1: Reject bid and drop the project.

Pros: Cost saving as the project is not implemented

Cons: Continued use of valves and valve actuators that are difficult to operate and control.

Reason for not recommending: If the project is not implemented, flows into the aeration tanks cannot be properly operated and adequately controlled. This will result in treatment process inefficiencies such as the increased need for aeration, increased energy usage and reduced effluent quality from the Secondary aeration tanks.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. (**Required: web 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 criteria above. However as a common practice, " Notice to Contractors" inviting qualified contractors to submit bids was published by the Office of the City Clerk in the *San Jose Post Record*, various Builders Exchanges in the Bay Area, and by the

City's Project Engineer on Environmental Services Department website and Public Works Department Bid Hotline. This memo has been posted on the City's website for April 13, 2010 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 a part of the "contracting-in" evaluation, this project, which was designed in-house by staff, has been 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 April 8, 2010 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, 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: \$645,700

2. COST OF PROJECT

Project Delivery	\$ 222,120
Construction	\$ 587,000
Contingency	<u>\$ 58,700</u>
TOTAL PROJECT COSTS	\$ 867,820
Prior Year Expenditures	\$0
REMAINING PROJECT COSTS	\$ 867,820

3. SOURCE OF FUNDING: 512 – San José-Santa Clara Treatment Plant Capital Fund.

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					\$645,700		
Current Funding Available							
512	4332	Equipment Replacement	159265	\$4,630,000	\$645,700	V-151	6/23/2009 28593
Total Current Funding Available				\$4,630,000	\$645,700		

CEQA

Exempt, PP10-056

/s/

JOHN STUFFLEBEAN
Director, Environmental Services

For questions please call Bhavani Yerrapotu, Division Manager, Environmental Services Dept., at (408) 945-5321.