

COUNCIL AGENDA: 05-10-11

ITEM: 7.1

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: David Sykes

SUBJECT: SEE BELOW

DATE: 04-18-11

Approved

Date

4/25/11

COUNCIL DISTRICT: 4

**SUBJECT: MORRILL AVENUE AND SIERRA ROAD SANITARY SEWER
IMPROVEMENT (RE-BID) PROJECT**

RECOMMENDATION

Report on bids and award of contract for the Morrill Avenue and Sierra Road Sanitary Sewer Improvement (RE-BID) Project to the low bidder, Pacific Underground Construction, Inc., in the amount of \$1,056,230, and approval of a contingency in the amount of \$106,000.

OUTCOME

Approval of this construction contract will allow the Morrill Avenue and Sierra Road Sanitary Sewer Improvement (RE-BID) Project to proceed as scheduled with construction to improve the sewer system. Approval of a ten percent contingency will provide funding for any unanticipated work necessary for the proper construction of the project.

BACKGROUND

The Morrill Avenue and Sierra Road Sanitary Sewer Improvement (RE-BID) Project is located on Morrill Avenue from Hostetter Road to Sierra Road and on Sierra Road from Morrill Avenue to Sierraville Avenue, as shown on the attached location map.

Originally, this project was developed to correct the capacity deficiencies in the sewer system as identified by the 2004 Sanitary Sewer Master Plan Capacity Assessment Study Phase I. The recommended improvement for the existing 8-inch sewer system was to install a 12-inch parallel line and was based on the General Plan 2020.

This project was originally bid on July 29, 2010 with four bids submitted. All were over the Engineer's Estimate by at least 17 percent. The low bid submitted by Stoloski & Gonzalez, Inc., had a discrepancy in the Bidder's Bond; therefore, it was deemed a non-responsive bid. The second low bid, submitted by Fermin Sierra Construction, was 37 percent over the Engineer's

Estimate. Staff considered this amount not reasonable for the work to be done. This was the first factor influencing the decision to reject all bids.

The second factor was the additional scope of work identified for this system by the ongoing Sanitary Sewer Capacity Assessment (Master Plan) Study Phase I-Update. The Phase I-Update models the City's sanitary sewer system and takes into account the Preferred Land Use Scenario for the Envision San José 2040 approved by Council on April 16, 2010, which was not considered in the initial Phase I Master Plan. The Phase I-Update identifies the need to upsize the entire system in the future. Therefore, the project was revised to include the recommendations from the Phase I-Update in the Morrill Avenue & Sierra Road Sanitary Sewer Improvement (RE-BID) Project.

The scope of the Project was revised to include the upsizing of 2,900 feet of 8-inch to 10-inch, to 12-inch and 15-inch sanitary sewer. In addition, the project will also remove and install 11 manholes and relocate 2 manholes to shorten the segment lengths, which will make the segments easier to operate and maintain.

The project construction will begin July 2011. The anticipated completion date of construction is December 2011.

ANALYSIS

Bids were opened on March 24, 2011 with the following results:

<u>CONTRACTOR</u>	<u>Base Bid</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
Legg Inc (Livermore)	\$1,825,587	\$475,957	35
J W Ebert Corp (San José)	\$1,558,762	\$209,132	15
Platinum Pipeline Inc (Dublin)	\$1,420,381	\$70,751	5
McGuire & Hester (Oakland)	\$1,356,268	\$6,638	0.5
Stoloski & Gonzalez, Inc. (Half Moon Bay)	\$1,353,475	\$3,845	0.3
Engineer's Estimate	\$1,349,630	--	--
Ranger Pipelines Inc. (San Francisco)	\$1,255,018	(\$94,612)	(7)
KJ Woods Construction (San Francisco)	\$1,184,000	(\$165,630)	(12)
J & M, Inc. (Livermore)	\$1,179,377	(\$170,253)	(13)
Preston Pipeline (Milpitas)	\$1,139,645	(\$209,985)	(16)

Darcy & Harty Construction (San Francisco)	\$1,088,495	(\$261,135)	(19)
Pacific Underground Const (San José)	\$1,056,230	(\$293,400)	(22)

Submitted bids varied from 22 percent under to 35 percent over the Engineer's Estimate. Eight out of eleven bids are within a very competitive range of 5 percent above the Engineer's Estimate and less. The low bid submitted by Pacific Underground Construction was 22 percent below the Engineer's Estimate. Pacific Underground Construction's bid was very competitive against the other bidders in areas of traffic control, trenching, and the cost for installing pipe. Staff considers this reasonable for the work involved.

Council Policy provides for a standard contingency of ten percent on Public Works Projects involving utilities. The standard contingency is appropriate for this project.

PUBLIC OUTREACH

- ✓ **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 and staffing that may have impact 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 item meets Criterion 1: Requires Council action on the use of public funds equal to \$1 million or greater. To solicit contractors, this project was listed on the City's Internet Bid Line and advertised in the *San José Post Record*. Bid Packages for this project were provided to various contractor organizations and builder's exchanges.

This award memo will be posted on the City's website for the May 10, 2011 Council Agenda.

Informational construction signs will be posted along the project limits. In addition, residents and businesses will be notified a minimum of two times. The first written notice will be within seven calendar days prior to any construction operation and the second written notice will be 48 hours prior to construction.

COORDINATION

This project and memorandum have been coordinated with the Departments of Planning, Building and Code Enforcement, Transportation, and Finance, as well as the City Manager's Budget Office, City Attorney's Office and the Santa Clara Valley Water District.

FISCAL/POLICY ALIGNMENT

This project is consistent with the Council-Approved Budget Strategy Economic Recovery Section in that it will spur construction spending in our local economy.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT: \$1,056,230

Project Delivery (RE-BID)	\$343,000*
Construction	\$1,056,230
Contingency	\$106,000
TOTAL PROJECT COSTS	\$1,505,230
Prior Year Expenditures	\$84,249
REMAINING PROJECT COSTS	\$1,420,981

* Project delivery includes \$140,000 for Design Services, \$76,000 for Construction Management, and \$127,000 for Inspection Services.

2. COST ELEMENTS OF CONTRACT: Lump sum contract.

3. SOURCE OF FUNDING: 545 – Sewer Service and Use Charge Capital Improvement Fund

4. OPERATING COST: The proposed operating and maintenance costs of this project have been reviewed and it has been determined that the project will have no significant adverse impact on the General Fund operating budget.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	RC #	Total Appn.	Amt. For Contract	2010-11 Adopted Budget (Page)	Last Budget Action (Date, Ord. No.)
Remaining Project Costs				\$1,420,981			
Current Funding Available							
545	7080	Morrill Avenue/Sierra Road Sanitary Sewer Improvement	157795	\$1,836,000	\$1,056,230	Capital V - 72	10/19/10, Ord. No. 28829
Total Current Funding Available				\$1,836,000	\$1,056,230		

CEQA

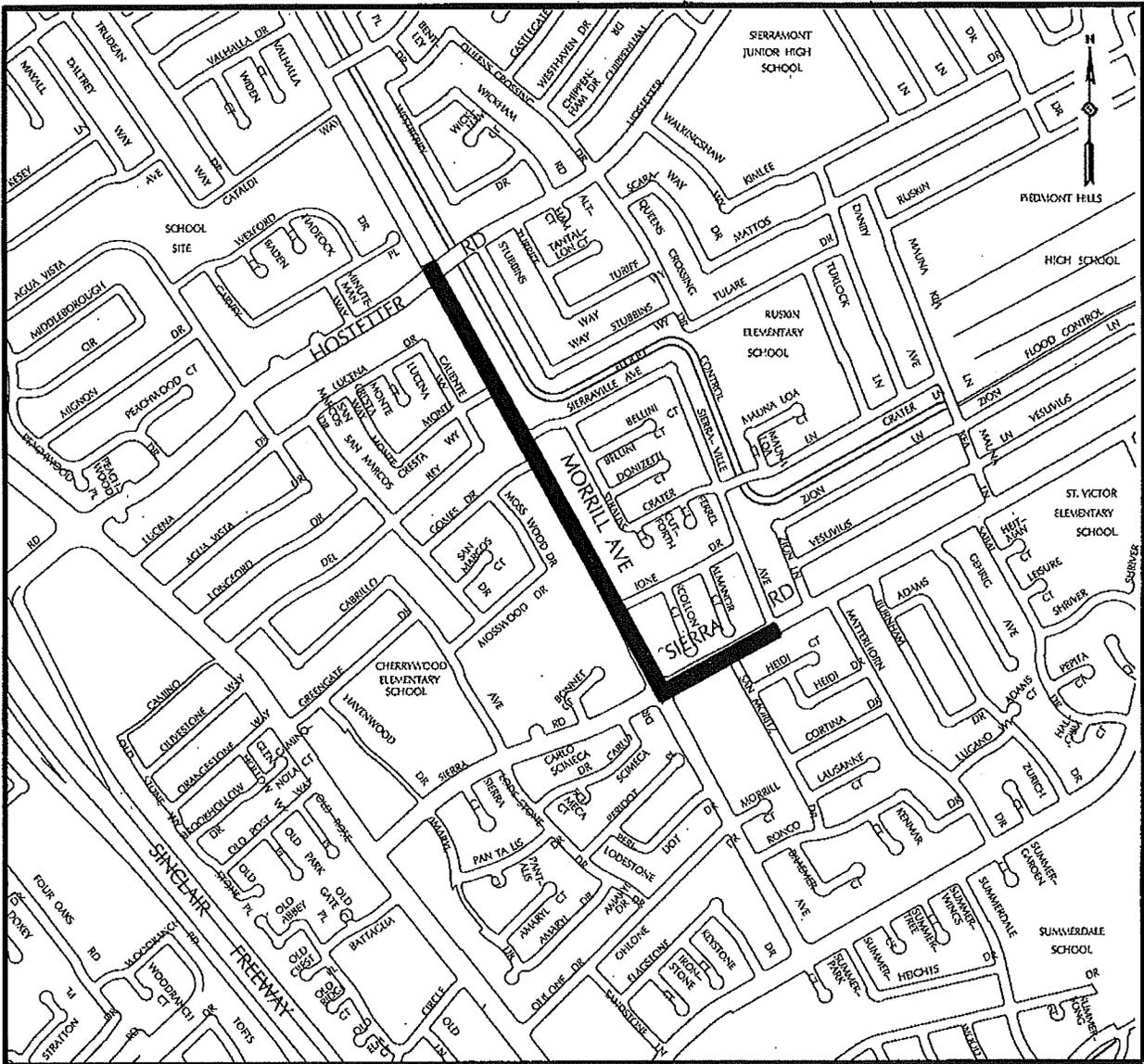
CEQA: File No. PP11-015, dated February 4, 2011.

/s/
 DAVID SYKES
 Acting Director, Public Works Department

For questions please contact MICHAEL O'CONNELL, ACTING DEPUTY DIRECTOR, at (408) 535-8300.

MO:TN:ms:ea
 Attachments
 Location Map
 CEQA
 Proj.ID:#6149

MORRILL AVENUE- SIERRA ROAD SANITARY SEWER IMPROVEMENT (RE-BID)



GIS MAP PANELS 37C & 52A

LOCATION MAP
N.T.S.