



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow
David Sykes

SUBJECT: SEE BELOW

DATE: 08-02-11

Approved

Date

8/2/11

COUNCIL DISTRICT: City-Wide

SUBJECT: REJECTION OF BIDS FOR THE SAN JOSE/SANTA CLARA WATER POLLUTION CONTROL PLANT, HANDRAIL REPLACEMENT - PHASE IV PROJECT

RECOMMENDATION

Approve the rejection of all bids received for the San José/Santa Clara Water Pollution Control Plant, Handrail Replacement – Phase IV Project, and authorization for the Director of Public Works to re-advertise and re-bid the project.

OUTCOME

Approval of this recommendation will allow staff to reject all bids and rebid the project with the same scope.

BACKGROUND

Handrails are a critical safety feature along all open tanks, stairways and elevated structures at the San Jose/Santa Clara Water Pollution Control Plant (Plant). Handrail systems provide workers with safety protection and are required by CAL/OSHA and California Building Code regulations. It is estimated that the Plant has over 14 miles of handrails and the 5-year Capital Improvement Program includes a recurring project every year to replace portions of the most degraded/unsafe handrails.

Over the last several years, staff has been evaluating the condition of the existing handrails and designing replacement and repair projects to bring them into compliance with current safety standards. This project is the fourth phase of the ongoing handrail replacement program. Phases I and II completed handrail repairs and replacements in the Grit Removal area, Dissolved Air Flotation Tanks and the Digesters. The Phase III project is currently under construction in the Nitrification Aeration area. This Phase IV project will replace handrails in the Secondary Aeration area of the Plant.

ANALYSIS

The majority of the existing handrails in the Secondary Aeration area are deteriorated due to age and corrosion from exposure to the various treatment processes at the Plant. Staff performed a thorough inspection of handrails in November 2010 and identified several deficiencies including unstable iron railings and posts due to concrete cracks at the base of the hand rails, disengaged railing connections and missing anchor bolts and nuts.

The Secondary Aeration area of the Plant contains approximately 17,000 linear feet of hand railing, including 2,500 feet along the Central Corridor and Central Passageway, where operations and maintenance staff travel daily to access this and other Plant areas.

The scope of this Phase IV project includes replacement of 2,800 linear feet of railing, numerous point repairs and adjustment of existing railing, cracked and spalling concrete repairs, light post replacement and concrete flooring repairs.

Bids for this project were opened on May 5, 2011 with the following results:

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
Applegate Johnston, Inc. (Modesto)	\$1,299,000	\$879,000	209
B Side, Inc (Oakland)	\$557,000	\$137,000	33
Engineer's Estimate	\$420,000	--	--

Only two bids were received for the project and the low bid is significantly higher than the Engineer's Estimate. The previous phase of this project, with a similar scope, was advertised for bid last year and nine bids were received. The apparent low bid for that phase was 25 percent below the Engineer's Estimate.

Phase IV of this project required a mandatory pre-bid meeting because of the complexities associated with concrete repairs and installation of the handrail posts, whereas the previous phase did not include a mandatory pre-bid meeting. Follow-up discussions with prospective bidders revealed that some of them did not notice the change in the bid documents that indicated mandatory attendance at a pre-bid meeting and neglected to attend the meeting, therefore could not submit a bid. The two bidders who did submit bids had no prior experience with Plant construction projects, which could potentially explain the higher bids. Staff recommends rejecting all bids and rebidding the project with the same scope.

Staff will undertake targeted outreach to contractors with experience in this type of fabrication and construction to encourage additional bidders and to ensure that the project bid documents, scope, schedule and bidding requirements are clearly defined. Additionally, contractor licensing requirements will be revised to include General Engineering Contractors (Class A) and/or General Building Contractors (Class B).

EVALUATION AND FOLLOW-UP

This recommendation is to reject all bids. No additional follow up action with the Council is expected until after the project is re-bid as described above.

POLICY ALTERNATIVES

Alternative # 1: Award the project to low bidder, B Side Inc.

Pros: Project will be completed with the original schedule.

Cons: Increased project cost due to limited bids.

Reasons for not recommending: There are no seasonal constraints or treatment plant process impacts associated with the project, therefore the project can be constructed any time of the year. There is no benefit in implementing the project with a higher cost.

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 criteria listed above. To solicit contractors, this project was listed on the City's Internet Bid Hotline, the *San José Post Record*, and various builders' exchanges in the Bay Area. This memorandum will be posted on the City's website for the August 16, 2011 Council agenda.

COORDINATION

This project and memorandum have been coordinated with the Planning, Building and Code Enforcement Department, City Manager's Budget Office, and City Attorney's Office. This item is scheduled to be heard at the August 11, 2011 Treatment Plant Advisory Committee meeting.

HONORABLE MAYOR AND CITY COUNCIL

08-02-11

Subject: Handrail Phase IV

Page 4

CEQA

Exempt, PP11-028.

/s/

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/s/

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Acting Director, Environmental Services

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