



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** David Sykes

**SUBJECT:** SEE BELOW

**DATE:** May 29, 2012

Approved

Date

6/4/12

**SUBJECT: 1750 - MONTEREY-RIVERSIDE SANITARY SEWER  
REHABILITATION PHASE V PROJECT**

## RECOMMENDATION

Report on bids and award of contract for the 1750 - Monterey-Riverside Sanitary Sewer Rehabilitation Phase V Project to the low bidder, SAK Construction of CA, LP, in the amount of \$2,455,670 and approval of a contingency in the amount of \$246,000.

## OUTCOME

Award of this construction contract will rehabilitate and extend the service life of approximately 12,000 feet of 24 to 27 inch diameter sanitary sewer pipes which were constructed in the 1960's and are now exhibiting signs of deterioration. Approval of a ten percent contingency will provide funding for any unanticipated work necessary for the proper completion of the project. This project supports the Environmental and Utility Services City Service Area outcome of obtaining "reliable utility infrastructure."

## BACKGROUND

The Monterey-Riverside Sanitary Sewer Rehabilitation Phase V Project is located on Santa Teresa Boulevard between Bayliss Drive and Encinal Drive (south of Cottle Road). Video inspection taken inside the existing sewer pipes indicate signs of corrosion and root intrusion. In order to maintain the structural integrity of the sewer pipes, the proposed project will rehabilitate approximately 12,000 feet of 24-inch and 27-inch diameter reinforced concrete sanitary sewer pipe (RCP) with a Cured-in-Place Pipe (CIPP) Liner. This trenchless rehabilitation method will decelerate corrosion in the pipe, inhibit root intrusion, minimize the reduction in diameter and maintain adequate capacity in the sewer. It is a cost effective way to extend the life of the aging infrastructure.

Construction is scheduled to begin in September of 2012 with completion in June 2013.

**ANALYSIS**

Bids were opened on May 10, 2012, with the following results:

<b>Contractor</b>	<b>Bid Amount</b>	<b>Variance Amount</b>	<b>Over/(Under) Percent</b>
Michels Corporation DBA Michels Pipeline Construction (Salem, OR)	\$2,926,626	\$264,626	10
Insituform Technologies, Inc. (Chesterfield, MO)	\$2,774,914	\$112,914	4
<b>Engineer's Estimate</b>	<b>\$2,662,000</b>	---	---
SAK Construction of CA, LP (O'Fallon, MO)	\$2,455,670	(\$206,330)	(8)

Submitted bids varied from eight percent under the Engineer's Estimate to 10 percent over the Engineer's Estimate. All three bids were within a very competitive range. The low bid submitted by SAK Construction of CA, LP is eight percent under the Engineer's Estimate. Staff considers this reasonable for the work involved.

Council Policy provides for a standard contingency of 10 percent on public works projects involving utilities. The standard contingency is appropriate for this project.

**EVALUATION AND FOLLOW-UP**

This project is currently within budget and on schedule to be completed in June 2013. No additional follow-up actions are expected at this time.

**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)**

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- 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 project meets criterion 1: Requires Council action on the use of public funds equal to \$1 million or greater. It has been listed on *BidSync* and has been advertised in the *San José Post Record*. Bid packages for all Department of Public Works construction projects are routinely provided to a standard list of various contractor organizations and builders' exchanges. This memo will be posted online to the June 19, 2012 Council agenda.

### COORDINATION

This project and memorandum have been coordinated with the Departments of Planning, Building and Code Enforcement, Transportation, Finance, the City Attorney's Office and the City Manager's Budget Office.

### 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: \$2,455,670

Project Delivery	\$700,000 *
Construction	2,455,670
Contingency	<u>246,000</u>

**TOTAL PROJECT COSTS** **\$3,401,670**

Prior Year Expenditures	255,000
<b>REMAINING PROJECT COSTS</b>	<b>\$3,146,670</b>

- \* Project delivery includes \$260,000 for Planning and Design Services, \$150,000 for Construction Management, \$200,000 for Inspection Services, and \$90,000 for Laboratory Services, Project Management and support close-out phases.

2. COST ELEMENTS OF CONSTRUCTION CONTRACT:

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

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4. OPERATING COSTS: 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	2012-2013 Proposed Capital Budget (Page)	Last Budget Action (Date, Ord. No.)
<b>Remaining Project Costs</b>				<b>\$3,146,670</b>			
<b>Current Funding Available</b>							
545	7360	Monterey-Riverside SS PH V	168095	*\$3,337,000	\$2,455,670	V-74	N/A
<b>Total Current Funding Available</b>				<b>\$3,337,000</b>	<b>\$2,455,670</b>		

\*The 2012-2013 Proposed Capital Improvement Program is scheduled to be considered on June 19, 2012.

**CEQA**

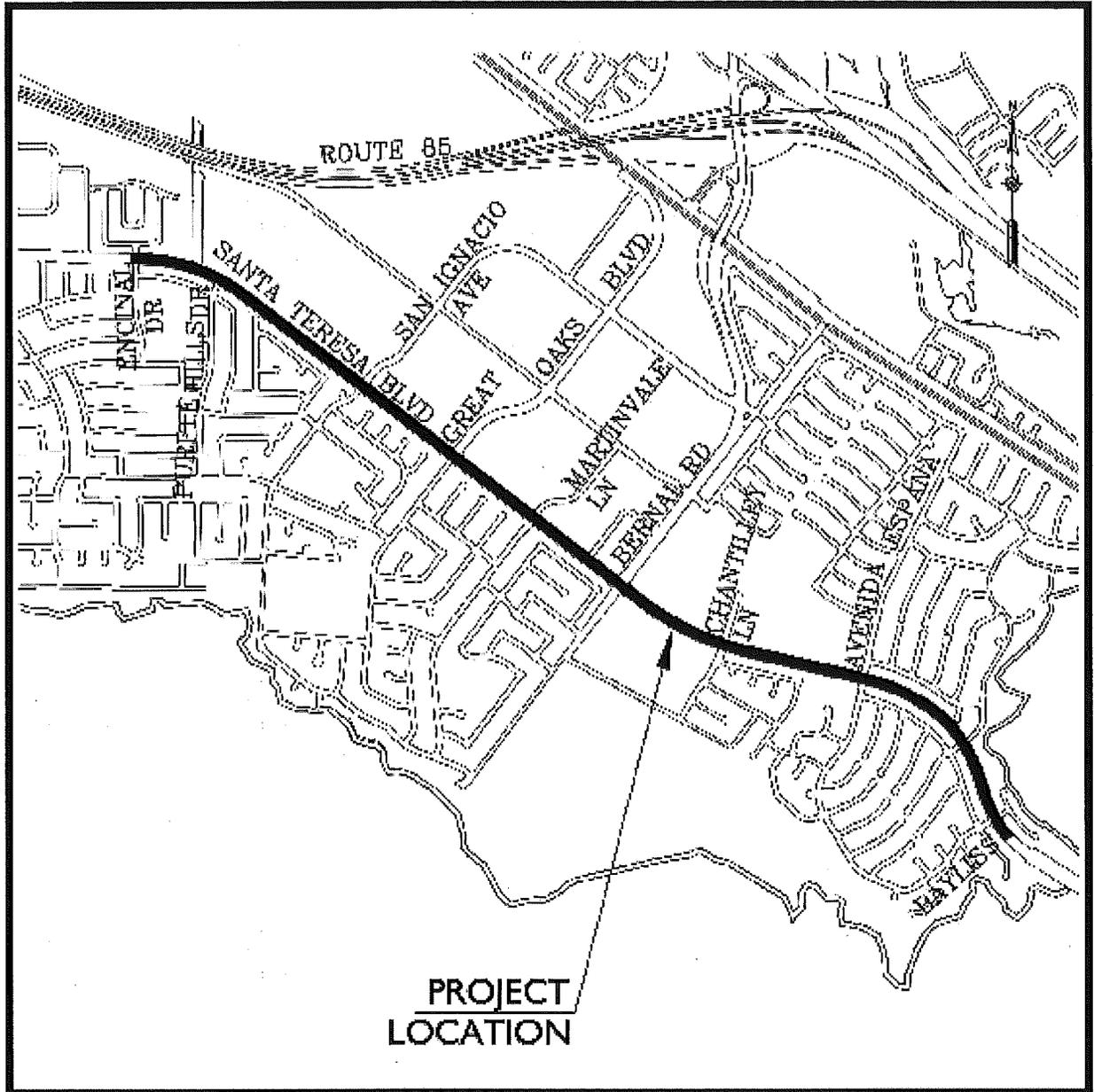
CEQA: Exempt, File No. PP12-045, dated April 5, 2012.

/s/  
DAVID SYKES  
Director of Public Works

For questions please contact Michael O'Connell, Deputy Director, at (408) 535-8300.

Attachment  
Proj.ID:# 1750

# MONTEREY-RIVERSIDE SANITARY SEWER REHABILITATION PHASE V



**Location Map**  
Not to Scale