



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: March 26, 2018

Approved

D. D. Syl

Date

4/5/18

**SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR 8568 – GUMDROP
AND PARTRIDGE DRIVE MAIN REPLACEMENT (REBID)**

RECOMMENDATION

Report on bids and award of contract for the 8568 – Gumdrop and Partridge Drive Main Replacement (Rebid) project to the low bidder, Pacific Underground Construction, Inc. in the amount of \$1,589,499 and approval of a contingency in the amount of \$158,949.

OUTCOME

The award of the contract for Gumdrop and Partridge Main Replacement (Rebid) will allow the construction of new water mains and services, which will provide a reliable source of water to San José Municipal Water System customers. Approval of a ten percent contingency in the Infrastructure Improvements appropriation will provide funding for unanticipated work or unforeseen conditions that may arise during construction.

BACKGROUND

This project is part of the Municipal Water System's ongoing steel and asbestos cement water main replacement program. The existing steel and asbestos cement pipe mains were constructed in the 1960s. These pipelines are nearing the end of its useful life and have been experiencing a high frequency of water main breaks and leaks.

This specific project will construct water transmission mains on Gumdrop Drive, Almond Drive, Coconut Drive, Peppermint Drive, and Partridge Drive, and the abandonment of existing steel and asbestos cement pipelines to improve water system reliability. The scope of work for this project includes new installation of 6 and 8-inch ductile iron potable water mains to replace

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existing asbestos cement pipe and corroded steel pipelines that are currently located within the park strips in the streets. The project will construct approximately 5,000 linear feet of water mains affecting 124 residential services.

This project was previously advertised for bid on August 23, 2017 and bids were opened on September 14, 2017. All of the bids were rejected due to high contractor bids. During that time, the allocated funds for this project were not enough to satisfy the high bids and award the project. Analysis of the rejected bids attributed the high unit prices to the busy construction season for contractors, which typically occurs during the summer lasting through the winter.

Additional funds were allocated to this project in order to proceed with rebidding and awarding of the project. Construction is scheduled to begin in June 2018 with substantial completion in September 2018.

ANALYSIS

Bids for this project were opened on Thursday, March 1, 2018 with the following results:

<u>Contractor</u>	<u>City</u>	<u>Bid Amount</u>	<u>Variance Over/(Under)</u>	
			<u>Amount</u>	<u>Percent</u>
Engineer's Estimate	--	\$1,456,550	--	--
Pacific Underground Construction, Inc.	San Jose, CA	\$1,589,499	\$132,949	9.1%
Stoloski & Gonzalez, Inc.	Half Moon Bay, CA	\$1,707,500	\$250,950	17.2%
Cratus, Inc.	San Francisco, CA	\$1,710,100	\$253,550	17.4%
Lewis & Tibbitts, Inc.	San Jose, CA	\$2,023,829	\$567,279	38.9%

There were a total of four (4) bids received which had a variation of approximately 9% to 39% over the Engineer's Estimate. Pacific Underground Construction, Inc. from San Jose, CA, submitted the lowest bid in the amount of \$1,589,499 which is 9.1% over the Engineer's Estimate. Pacific Underground Construction, Inc. has worked on previous City projects as both prime contractor and subcontractor. Staff considers the low bid submitted for this project acceptable for the work involved and recommends award of the contract to Pacific Underground Construction, Inc.

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

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EVALUATION AND FOLLOW-UP

The project is currently within budget and on schedule. No additional follow-up actions with the City Council are expected at this time.

PUBLIC OUTREACH

To solicit contractors, this project was advertised in the *San José Post Record* and the complete bid package and project information was made available on *BidSync* for interested contractors, contractor organizations, and builders' exchanges. This memo will be posted to the City's website for the April 17, 2018 City Council meeting.

COORDINATION

This project has been coordinated with the Finance Department (Risk Management), Office of Equality Assurance, the City Manager's Budget Office, and the City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

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: **\$ 1,589,499**

2. COST ELEMENTS OF CONTRACT:

Project Delivery	\$ 120,000
Construction Award Amount	\$ 1,589,499
Contingency	\$ 158,949
TOTAL PROJECT COSTS	\$ 1,868,448
 Prior Year Expenditures	 \$ (58,022)
REMAINING PROJECT COSTS	\$ 1,810,426

3. SOURCE OF FUNDING: Fund 500 – Water Utility Capital Fund
4. FISCAL IMPACT: There are no cost implications to the General Fund as a result of this action.

BUDGET REFERENCE

The table below identifies the funds and appropriations proposed to fund the contract recommended as part of this memorandum.

Fund #	Appn. #	Appn. Name	Total Appn.	Amt for Contract	2017-2018 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
Remaining Project Costs			\$ 1,808,771			
Current Funding Available						
500	7804	Gumdrops Drive Main Replacement	\$1,700,000	\$1,589,499	340	02/13/2018 Ord No. 30070
500	5366	Infrastructure Improvements	\$848,000	\$158,949	343	10/17/2017 Ord No. 30014
Total Current Funding Available			\$2,548,000			

CEQA

Exempt, File No. PP17-050, CEQA Guidelines Section 15301, Existing Facilities and 15302, Replacement or Reconstruction.

/s/
KERRIE ROMANOW
Director, Environmental Services

For questions, please contact Jeff Provenzano, Deputy Director, Environmental Services Department, at (408) 277-3288.

Attachment – Location Map

LOCATION MAP – Gumdrops and Partridge Drive Main Replacement

