



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Matt Loesch

**SUBJECT:** See Below

**DATE:** August 4, 2025

Approved

Date:

8/12/25

**COUNCIL DISTRICT: 6**

**SUBJECT: Report on Bids and Award of Contract for the 10294 - Southwest Expressway Sanitary Sewer Improvement Project**

## **RECOMMENDATION**

- (a) Report on bids and award of contract for the construction of 10294 - Southwest Expressway Sanitary Sewer Improvement Project to the lowest responsive, responsible bidder, Koios Engineering, Inc. in the amount of \$4,420,145; and
- (b) Approve a 10% contingency in the amount of \$442,014.

## **SUMMARY AND OUTCOME**

This memorandum summarizes the bids received and requests the award of a contract for the construction of the 10294 - Southwest Expressway Sanitary Sewer Improvement Project (Project).

Award of the contract to Koios Engineering, Inc. will enable the Project to proceed into construction to provide added capacity to the existing sewer system. Approval of a 10% contingency provides funding for any unanticipated work necessary for the proper completion or construction of the Project.

## **BACKGROUND**

This Project was initially developed by the Public Works Department Master Plan division as part of the Sanitary Sewer Master Plan Phase III report. The Master Plan team evaluated the current capacity of the sanitary sewer system in the project area and compared it with projected future demands based on the City's Envision San José

2040 General Plan. The analysis concluded that capacity upgrades are needed to accommodate anticipated increases in sewer flows.

This Project will upsize approximately 800 linear feet of existing eight-inch sanitary sewer main to a 15-inch main along Fruitdale Avenue, between Southwest Expressway and Meridian Avenue. In addition, approximately 4,200 linear feet of new 10-inch sanitary sewer main will be installed. Also included in the Project is the removal and replacement of six sanitary sewer manholes and the construction of 14 new sanitary sewer manholes. The Project limits are within City Council District 6, as shown in the attached Project Location Map (Attachment A).

Construction is scheduled to begin in January 2026 with substantial completion in September 2026.

## **ANALYSIS**

Bids were opened on May 15, 2025, with the following results:

| <b><u>Contractor</u></b>                                                 | <b><u>Bid Amount</u></b> | <b><u>Variance Amount</u></b> | <b><u>Over/(Under) Percent</u></b> |
|--------------------------------------------------------------------------|--------------------------|-------------------------------|------------------------------------|
| Koios Engineering, Inc.<br>(San Francisco)                               | \$4,420,145              | (\$859,855)                   | (16)                               |
| JMB Construction, Inc.<br>(South San Francisco)                          | \$4,565,647              | (\$714,353)                   | (14)                               |
| KJ Woods Construction, Inc.<br>(South San Francisco)<br>(Non-Responsive) | \$4,638,000              | (\$642,000)                   | (12)                               |
| Cratus, Inc.<br>(San Francisco)                                          | \$5,281,920              | \$1,920                       | 0                                  |
| <b>Engineer's Estimate</b>                                               | \$5,280,000              | --                            | --                                 |
| Mitchell Engineering<br>(San Francisco)<br>(Non-Responsive)              | \$6,099,336              | \$819,336                     | 16                                 |

### *Procurement Issues*

The bids submitted by KJ Woods Construction, Inc. and Mitchell Engineering were deemed non-responsive for failing to submit California Air Resource Board Certificates of Reported Compliance for their subcontractors' fleets.

### *Bid Price Analysis*

The lowest bid, submitted by Koios Engineering, Inc. is 16% below the Engineer's Estimate. The price for installing pipe, specifically the price related to the jack and bore operation, had the greatest variance from the Engineer's Estimate. This work, though common practice, is unique to the Project and is not typical of most sanitary sewer improvement projects completed by the City in recent years. Because it falls outside the scope of what is typically delivered, the associated cost estimate was higher. Staff considers the low bid to be acceptable for the work involved.

### *Contractor Responsibility Analysis*

Koios Engineering, Inc. has successfully completed multiple sanitary sewer projects for different municipalities including San José, Berkeley, Mill Valley and the Town of Corte Madera.

### *Contingency*

San José Municipal Code Section 27.04.050 provides for a standard contingency of 10% on all Public Works contracts except those involving the renovation of a building or buildings. The standard 10% contingency is appropriate for this Project.

### *Wage Theft Prevention Policy Check*

The Office of Equality Assurance reviewed bidders for compliance with the City's Wage Theft Prevention Policy on May 15, 2025 and on July 10, 2025. No wage theft issues were identified.

### *Project Labor Agreement Applicability*

The City's Project Labor Agreement is applicable to this Project because the Engineer's Estimate is over \$1.2 million.

### *Local and Small Business Analysis*

The recommended contractor is not a local business or a small business enterprise. Two local business enterprises were listed as subcontractors. McKim Corporation (Gilroy) will be performing asphalt work valued at approximately \$221,000 and Bear Electrical Solutions (Alviso) will be installing loop detectors valued at approximately \$15,000.

## **EVALUATION AND FOLLOW-UP**

No additional follow up action with the City Council is expected at this time.

## **COST SUMMARY/IMPLICATIONS**

This Project is consistent with the City Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy. The source of funding for this Project is through the 545 Sewer Service and Use Charge Capital Improvement Fund and the 540 Sanitary Sewer Connection Fee Fund. The Project will have no significant adverse impact on the Sewer Service and Use Charge Fund or General Fund operating budgets.

### 1. TOTAL COST OF PROJECT:

|                                            |                     |
|--------------------------------------------|---------------------|
| Project Delivery*                          | \$ 1,183,820        |
| Construction                               | 4,420,145           |
| Contingency                                | 442,014             |
| <b>TOTAL PROJECT COSTS</b>                 | <b>\$ 6,045,979</b> |
| Prior Years' Expenditures and Encumbrances | 291,269             |
| <b>TOTAL REMAINING PROJECT COSTS</b>       | <b>\$ 5,754,710</b> |

\*Project Delivery includes \$278,422 for design services and \$905,398 for construction management, survey, and inspection services.

### 2. COST ELEMENTS OF CONTRACT AS RECOMMENDED AS PART OF THE MEMORANDUM:

|                                        |                     |
|----------------------------------------|---------------------|
| Mobilization                           | \$ 200,000          |
| Traffic Control                        | 72,720              |
| Pipe Installation and Diversion        | 3,692,425           |
| Manhole Installation                   | 405,000             |
| Traffic Stripes and Pavement markings  | 50,000              |
| <b>TOTAL AGREEMENT/CONTRACT AMOUNT</b> | <b>\$ 4,420,145</b> |

## **BUDGET REFERENCE**

The table below identifies the fund and appropriations to fund the contract recommended as part of this memorandum and remaining project costs, including project delivery, construction, and contingency costs.

| Fund # | Appn. # | Appropriation Name                              | Total Appropriation | Amount for Contract | 2025-2027 Proposed Biennial Capital Budget Page* | Last Budget Action (Date, Ord. No.) |
|--------|---------|-------------------------------------------------|---------------------|---------------------|--------------------------------------------------|-------------------------------------|
| 545    | 433A    | Southwest Expressway Sanitary Sewer Improvement | \$8,150,000         | \$3,920,145         | 173                                              | 06/17/2025, 31230                   |
| 540    | 433A    | Southwest Expressway Sanitary Sewer Improvement | \$500,000           | \$500,000           | 173                                              | 06/17/2025, 31230                   |

*\* The 2025-2027 Adopted Biennial Capital Budget was approved on June 10, 2025 and adopted on June 17, 2025 by the City Council.*

## **COORDINATION**

This memorandum has been coordinated with the City Attorney's Office, the City Manager's Budget Office, and the Planning, Building and Code Enforcement Department.

## **PUBLIC OUTREACH**

This memorandum will be posted on the City's Council Agenda website for the August 26, 2025 City Council meeting.

## **COMMISSION RECOMMENDATION AND INPUT**

No commission recommendation or input is associated with this action.

HONORABLE MAYOR AND CITY COUNCIL

August 4, 2025

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## **CEQA**

Addendum to the Envision San José 2040 General Plan Final Program Environmental Impact Report (Resolution No. 76041) and Supplemental Environmental Impact Report (Resolution No. 77617), File No. ER22-287. Attachment B.

## **PUBLIC SUBSIDY REPORTING**

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/  
MATT LOESCH  
Director of Public Works

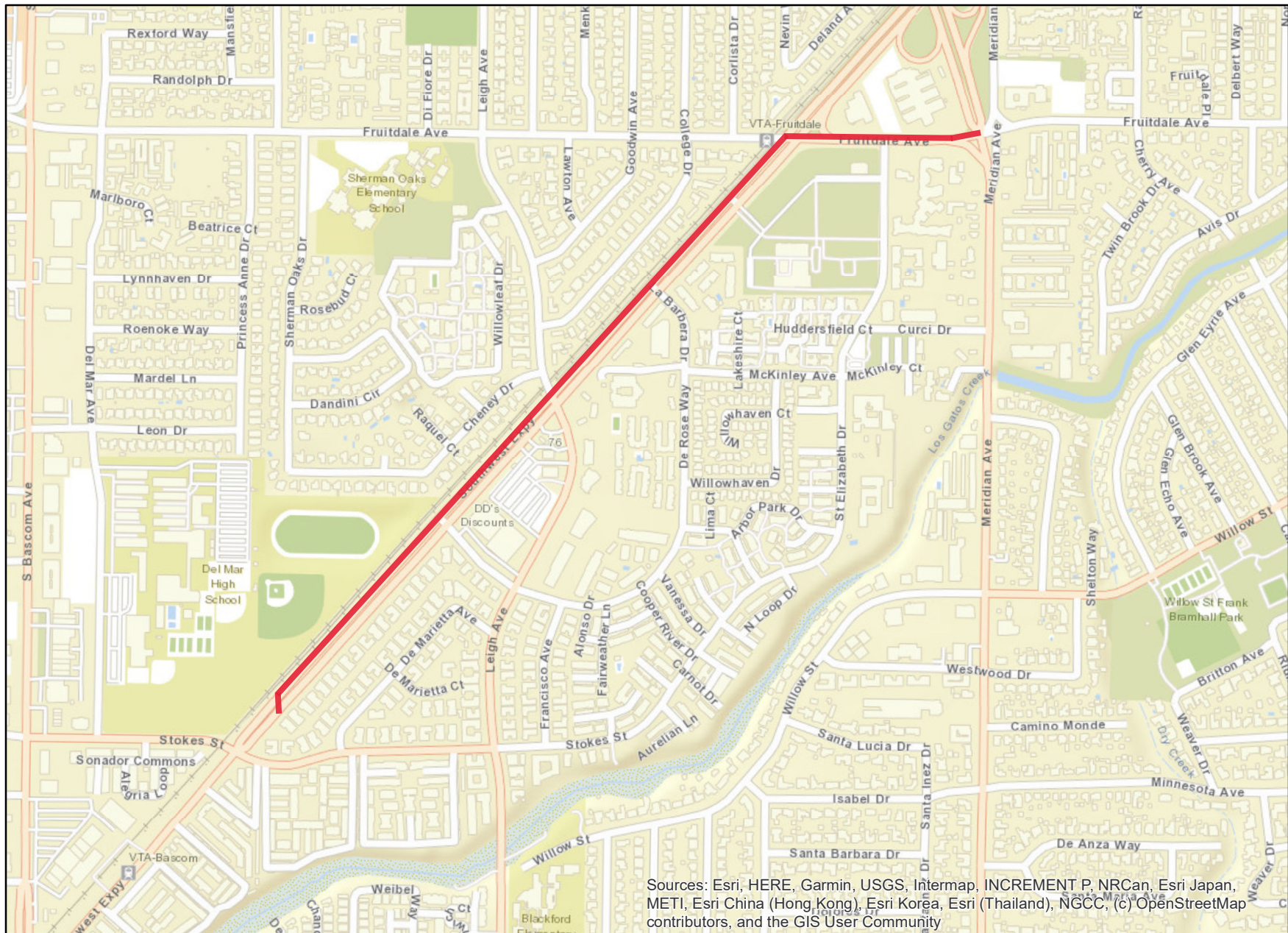
For questions, please contact Mathew Nguyen, Deputy Director of Public Works, at [Mathew.Nguyen@sanjoseca.gov](mailto:Mathew.Nguyen@sanjoseca.gov) or (408)535-8300.

## **ATTACHMENTS:**

Attachment A – Project Location Map

Attachment B – CEQA Resolution

# Attachment A - 10294 - Southwest Expressway Sanitary Sewer Improvement General Location Map



Not To Scale

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE ADOPTING THE PHASE III SANITARY SEWER MASTER PLAN ADDENDUM (FILE NO. ER22-287) TO THE ENVISION SAN JOSE 2040 GENERAL PLAN FINAL PROGRAM ENVIRONMENTAL IMPACT REPORT AND SUPPLEMENTAL ENVIRONMENTAL IMPACT REPORT, ALL IN ACCORDANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, AS AMENDED**

**WHEREAS**, the City of San José (“City”) acting as lead agency under the California Environmental Quality Act of 1970, together with state and local guidelines implementing said Act, all as amended to date (collectively “CEQA”), prepared the Final Program Environmental Impact Report for the Envision San José 2040 General Plan (“2040 General Plan FPEIR”) which analyzed the environmental impacts set forth from the land use and development assumptions of the Envision San José 2040 General Plan; and

**WHEREAS**, the Planning Commission of the City certified said 2040 General Plan FPEIR on November 1, 2011, which certification was not appealed; and

**WHEREAS**, in connection with the adoption of a resolution approving said Envision San José 2040 General Plan (Planning File No. PP09-011), the City Council adopted Resolution No. 76041 on November 1, 2011, setting forth certain findings pertaining to the 2040 General Plan FPEIR and adopting a mitigation monitoring and reporting program, all pursuant to the provisions of CEQA; and

**WHEREAS**, subsequent to said actions on the 2040 General Plan FPEIR, the City prepared, completed, and adopted in accordance with CEQA the Supplemental Environmental Impact Report (“SEIR”) for the Envision San José 2040 General Plan, Greenhouse Gas Reduction Strategy (Planning File No. PP15-060); and

**WHEREAS**, the Planning Commission of the City certified said SEIR on December 2, 2015 which certification was not appealed; and

**WHEREAS**, the City Council adopted Resolution No. 77617 on December 15, 2015, setting forth certain findings pertaining to the SEIR, all pursuant to the provisions of CEQA; and

**WHEREAS**, prior to the adoption of this Resolution, the Planning Director of the City of San José prepared an Addendum to the 2040 General Plan FPEIR and SEIR for the Phase III Sanitary Sewer Master Plan Project under Planning File No. ER22-287 (the “Addendum”), all in accordance with CEQA; and

**WHEREAS**, the Phase III Sanitary Sewer Master Plan Project (the “Project”) analyzed under the Addendum consists of identification of 76 individual capital improvement projects, and four alternative projects, to address existing sewer system capacity improvement needs per the San José City Council Sewer Level of Service Policy 8-7, and to provide for planned future growth as outlined in the adopted Envision San José 2040 General Plan, in San José, California; and

**WHEREAS**, as further described in the Addendum, the implementation of the Project would not result in new significant effects on the environment beyond those already identified in the previously approved 2040 General Plan FPEIR, and SEIR, nor will the Project result in an increase in the severity of significant effects identified in the 2040 General Plan FPEIR, and SEIR; and

**WHEREAS**, the City of San José is the lead agency on the Project, and the City Council is the decision-making body for the proposed approval to undertake the Project; and

**WHEREAS**, the City Council has reviewed and considered the 2040 General Plan FPEIR, SEIR and the Addendum, and intends to take actions on the Project in compliance with CEQA and state and local guidelines implementing CEQA; and

**WHEREAS**, the 2040 General Plan FPEIR, SEIR and the Addendum thereto are on file in the Office of the Director of Planning, Building and Code Enforcement, located at 200 East Santa Clara Street, 3<sup>rd</sup> Floor Tower, San José California, 95113, are available for inspection by any interested person at that location and on the Department of Planning, Building and Code Enforcement website, and are, by this reference, incorporated into this Resolution as if fully set forth herein;

**NOW, THEREFORE**, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE:

**THAT THE CITY COUNCIL** incorporates the foregoing recitals into this Resolution.

**THAT THE CITY COUNCIL** does hereby make the following findings: (1) it has independently reviewed and analyzed the 2040 General Plan FPEIR, and SEIR, as all modified by the Addendum, as well as other information in the record and has considered the information contained therein, prior to acting upon or approving the Project, (2) the Addendum modifying the 2040 General Plan FPEIR, and SEIR prepared for the Project has been completed in compliance with CEQA and is consistent with state and local guidelines implementing CEQA, and (3) the Addendum modifying the 2040 General Plan FPEIR, and SEIR represents the independent judgment and analysis of the City of San José, as lead agency for the Project. The City Council designates the Director of Planning, Building and Code Enforcement at the Director's Office at 200 East Santa Clara Street, 3<sup>rd</sup> Floor Tower, San José, California, 95113, as the custodian of documents and records of proceedings on which this decision is based.

**THAT THE CITY COUNCIL** does hereby find that based upon the entire record of proceedings before it and all information received that there is no substantial evidence that the Project will have a significant effect on the environment and does hereby adopt the Addendum prepared for the Project (Planning File No. ER22-287). The 2040 General Plan FPEIR, SEIR and the Addendum are: (1) on file in the Office of the Director of Planning, Building and Code Enforcement, located at 200 East Santa Clara Street, 3<sup>rd</sup> Floor Tower, San José, California, 95113, and on the Department of Planning, Building and Code Enforcement website, and (2) available for inspection by any interested person.

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2025, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

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MATT MAHAN  
Mayor

ATTEST:

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TONI J. TABER, MMC  
City Clerk