



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Matt Loesch

**SUBJECT:** See Below

**DATE:** April 28, 2025

Approved

Date:

5/7/25

**COUNCIL DISTRICT: 3**

**SUBJECT: Report on Bids and Award of Contract for the 10107 – McLaughlin Avenue-24<sup>th</sup> Street Sanitary Sewer Improvement Project**

## **RECOMMENDATION**

- (a) Report on bids and award of a contract for the construction of 10107 – McLaughlin Avenue-24<sup>th</sup> Street Sanitary Sewer Improvement Project to the lowest responsive, responsible bidder, C2R Engineering, Inc., in the amount of \$2,338,470; and
- (b) Approve a 10% contingency in the amount of \$233,847.

## **SUMMARY AND OUTCOME**

Award of the contract to C2R Engineering, Inc. will enable the 10107 – McLaughlin Avenue-24<sup>th</sup> Street Sanitary Sewer Improvement Project (Project) to proceed with construction of necessary sewer improvements that will ensure there is adequate sewer capacity to carry future sewer flows as projected by the City of San José's 2040 General Plan. Approval of the 10% contingency will provide funding for any unanticipated work necessary for the proper completion or construction of the Project.

## **BACKGROUND**

The Department of Public Works utilizes hydraulic models to identify potential sanitary sewer capacity shortfalls based on the City of San José's 2040 General Plan. This Project was first identified during the development of the Sanitary Sewer Master

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Planning Group's Sanitary Sewer Master Plan Phase II model and was later refined to the current scope during the Phase III model development.

This Project will upsize approximately 2,200 linear feet of existing 15-inch diameter sanitary sewer main to new 18-inch diameter within Council District 3 along McLaughlin Avenue and 24<sup>th</sup> Street between Appian Lane and San Antonio Steet (Attachment A – 10107 – McLaughlin Avenue – 24<sup>th</sup> Street Sanitary Sewer Improvement - Location Map). In addition, eight new manholes will be constructed, and approximately 34 laterals will be cleaned, inspected, and reconnected.

Construction is scheduled to begin in July 2025, with substantial completion in February 2026.

**ANALYSIS**

Bids were opened on February 27, 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>
C2R Engineering, Inc. (Los Altos)	\$2,338,470	(\$336,530)	(13)
APB General Engineering (San Pablo)	\$2,469,816	(\$205,184)	(8)
Cratus, Inc. (San Francisco)	\$2,491,475	(\$183,525)	(7)
<b>Engineer's Estimate</b>	<b>\$2,675,000</b>	--	--
Golden State Construction & Utility, Inc. (San Francisco) (non-responsive)	\$2,844,000	\$169,000	6
JMB Construction, Inc. (South San Francisco)	\$2,856,425	\$181,425	7
Devaney Engineering Inc. (San Francisco)	\$2,877,465	\$202,465	8
Basset Engineering (San Francisco)	\$2,879,510	\$204,510	8
Ranger Pipelines, Inc. (San Francisco)	\$3,398,370	\$723,370	27

### *Procurement Issues*

The bid submitted by Golden State Construction & Utility, Inc. was deemed non-responsive for failing to submit a properly executed bidder's bond. *Bid Price Analysis*

The low bid submitted by C2R Engineering, Inc. is 13% below the Engineer's Estimate. Staff considers the low bid to be competitive and reasonable for the work involved.

### *Contractor Responsibility Analysis*

C2R Engineering, Inc. has successfully completed several sanitary sewer projects of similar scope with other municipalities, including the City of Belmont (project acceptance in January 2025), the City of San Carlos (project acceptance in December 2024), the City of Burlingame (Project acceptance in May 2023), and the City of Fremont (project acceptance in February 2023).

### *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 February 27, 2025, and again on March 6, 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 higher than \$1.21 million.

### *Local and Small Business Analysis*

The recommended contractor is a local but not a small business enterprise. No local or small business enterprises were listed as subcontractors.

## **EVALUATION AND FOLLOW-UP**

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

**COST SUMMARY/IMPLICATIONS**

The proposed operating and maintenance costs of this Project was reviewed and it has been determined that the Project will have no significant adverse impact on the operating budget. While the low bid is 13% below the Engineer's Estimate, total project costs will exceed the remaining available budget of \$2,161,565. The contract is expected to be encumbered in 2025-2026, with funding subject to appropriation by City Council.

**1. TOTAL COST OF PROJECT:**

Project Delivery*	\$ 649,432*
Construction	2,338,470
Contingency	233,847
<b>TOTAL PROJECT COSTS</b>	<b>\$ 3,221,749</b>
Prior Years' Expenditures	252,105
<b>TOTAL REMAINING PROJECT COSTS</b>	<b>\$ 2,969, 644</b>

\* Project delivery includes \$284,726 for design services and project management and \$364,706 for construction inspection, survey, materials testing lab, and utilities costs.

**2. COST ELEMENTS OF CONTRACT:**

Mobilization	\$ 80,000
Traffic Control	100,000
New Pipe Installation	1,568,000
New Manholes	147,000
Other Construction Costs	443,470
<b>TOTAL CONTRACT AMOUNT</b>	<b>\$ 2,338,470</b>

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**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	Current Total Appn.	Amount for Contract	2024-2025 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
540	429W	McLaughlin Ave-24th Street Sanitary Sewer Improvement	\$15,000	\$15,000	186	06/18/2024 Ord. No. 31102
545	429W	McLaughlin Ave-24th Street Sanitary Sewer Improvement	\$2,278,000	\$2,323,470	186	10/22/2024 Ord. No. 31133

**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 website for the May 20, 2025 City Council meeting.

**COMMISSION RECOMMENDATION AND INPUT**

No commission recommendation or input is associated with this action.

**CEQA**

Exempt, File No. ER24-298. CEQA Guidelines Sections 15301(b) Existing Facilities and 15302(c) Replacement or Reconstruction. (Attachment B – Statement of Exemption ER24-298.)

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## **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 – 10107 – McLaughlin Avenue – 24<sup>th</sup> Street Sanitary Sewer Improvement  
- Location Map

Attachment B – Statement of Exemption ER24-289

Attachment A  
10107 McLaughlin Ave-24th Street Sanitary Sewer Improvement  
Location Map



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## STATEMENT OF EXEMPTION

<b>FILE NO.</b>	ER24-298
<b>LOCATION OF PROPERTY</b>	The City Right-of-Way (ROW) of McLaughlin Avenue/24 <sup>th</sup> street, between Appian Lane and San Antonio Street.
<b>PROJECT DESCRIPTION</b>	Public Project Exemption for a Sanitary Sewer improvement involving the removal and replacement of existing sanitary sewer pipelines. The scope of work includes replacing 2,170 feet of 15-inch diameter sanitary sewer with 18-inch diameter sanitary sewer. New associated facilities, such as manholes, may be installed as part of the replacement work. Approximately 34 laterals will be cleaned, connected, and reconstructed.

### CERTIFICATION

Under the provisions of Sections 15301(b) of the State Guidelines for Implementation of the California Environmental Quality Act (CEQA) as stated below, this project is found to be exempt from the environmental review requirements of Title 21 of the San José Municipal Code, implementing the California Environmental Quality Act of 1970, as amended.

### 15301. EXISTING FACILITIES

Class 1 consists of operation, repair, maintenance, permitting, leasing, licensing, or minor alternation of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. The types of "existing facilities" itemized below are not intended to be all-inclusive of the types of projects which might fall within Class 1. The key consideration is whether the project involves negligible or no expansion of an existing use. Examples include but are not limited to:

- (b) Existing facilities of both investor and publicly owned utilities used to provide electric power, natural gas, sewerage, or other public utility services.

### ANALYSIS

Public Project Exemption for a Sanitary Sewer improvement involving the removal and replacement of existing sanitary sewer pipelines. The scope includes replacing 2,170 feet of 15-inch diameter sanitary sewer with 18-inch diameter sanitary sewer on 24<sup>th</sup> street/McLaughlin Avenue between Appian Lane and San Antonio Street. New associated facilities, such as manholes, may be installed as part of the replacement work. Approximately 34 laterals will be cleaned, connected, and reconstructed. The purpose of this work is to rehabilitate, maintain and ensure efficiency and safety of the existing utility service system.

There would be a slight modification in alignment at one segment, and a change in slope, however, the work proposed would be within existing disturbed areas and the project would not expand the length of the existing sanitary sewer segments. Therefore, the project will not result in substantial adverse impact to sensitive biological resources and will not adversely affect creeks or riparian corridor areas. No trees will be removed.

As the project consists of inspection and replacement of existing utilities facilities or structures, the project will involve negligible expansion of the existing use and will remove and replace existing public infrastructures. Therefore, the project is exempt to CEQA Guideline Section 15301(b). Projects that are not within the scope of work, as mentioned and analyzed in this exemption, will require separate environmental review and determination.

*Exceptions:*

CEQA Guidelines Section 15300.2 provides exceptions to the use of a Categorical Exemptions where the use of a Categorical Exemption is prohibited under certain circumstances. The City evaluated the proposed project's applicability to all the exceptions under Section 15300.2. An analysis of each of these exceptions in reference to this proposed project is provided below.

- (a) Location. Class 3, 4, 5, 6, and 11 are qualified by consideration of where the project is to be located. This memorandum is for a Class 1 Categorical Exemption. Therefore, this exemption does not qualify for this exception.
- (b) Cumulative Impact. There is no evidence of a potential significant cumulative impact on the environment from the proposed project. The project proposes replacement of existing sewer mains in the City. Therefore, the project will not cumulatively impact traffic, noise, air quality, or water quality.
- (c) Significant Effect. The proposed project site does not have any unusual circumstances that would negatively impact the environment; thus, the project would not result in any significant environmental effects.
- (d) Scenic Highways. It is not anticipated that the specific project sites will results in damage to any scenic highways because the project is not near a scenic highway.
- (e) Hazardous Waste Sites. The project location is not included on any list compiled pursuant to Section 65962.5 of the Government Code.
- (f) Historical Resources. The sewer pipelines are located in the City ROW and therefore would not result in any substantial adverse change in the significance of a historical resource.

Christopher Burton, Director  
Planning, Building and Code Enforcement

Date November 19, 2024

  
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Deputy

Environmental Project Manager:  
Kara Hawkins