



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Loesch

SUBJECT: See Below

DATE: November 12, 2024

Approved

Date:

11/18/24

COUNCIL DISTRICT: 3, 6, 7

SUBJECT: Report on Bids and Award of Contract for 10085 – Sanitary Sewer Repairs Fiscal Year 2022-2023 Package III Project

RECOMMENDATION

- (a) Report on bids and award of contract for the construction of 10085 – Sanitary Sewer Repairs Fiscal Year 2022-2023 Package III Project to the lowest responsive, responsible bidder, SubTerra Construction, Inc., in the amount of \$2,775,574; and
- (b) Approve a 10% contingency in the amount of \$277,557.

SUMMARY AND OUTCOME

Award of the contract to SubTerra Construction, Inc. enables the 10085 – Sanitary Sewer Repairs Fiscal Year 2022-2023 Package III Project (Project) to construct the necessary sewer improvements that will minimize the risk of wastewater leaking out of sanitary sewer pipes and entering adjacent storm sewer pipes as required by the Exfiltration Abatement Program. Approval of the 10% contingency will provide funding for any unanticipated work necessary for the proper completion or construction of the Project.

BACKGROUND

The City of San José Department of Public Works developed the Exfiltration Abatement Program to minimize the risk of wastewater leaking out of sanitary sewer pipes and entering adjacent storm sewer pipes. The Project is part of this program and will repair and rehabilitate the most significantly defective sewer segments that are either crossing above or are adjacent to (within 10 feet) an existing storm drainpipe. The sewer

segments, totaling approximately 16,000 linear feet, included as part of this Project, are located throughout City Council Districts 3, 6, and 7. (**Attachment A** – Location Map.)

This Project will video inspect the condition of 71 selected six-inch, eight-inch, 10, 12, and 14-inch diameter vitrified clay pipe sewer segments, perform necessary point repairs, and install approximately 16,000 linear feet of cured-in-place pipe liner. This Project also includes the replacement of three sanitary sewer mains, construction of seven new sanitary sewer manholes, removing and replacing one existing manhole, rehabilitation of existing manholes, and the reconnection of active sanitary sewer service laterals.

Construction is scheduled to begin in February 2025 with substantial completion in September 2025.

ANALYSIS

Bids were opened on October 3, 2024 with the following results.

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
Engineer's Estimate	\$1,619,995	--	--
SubTerra Construction, Inc. (San Francisco)	\$2,775,574	\$1,155,579	71
Devaney Engineering, Inc. (San Francisco)	\$2,777,995	\$1,158,000	71
Pacific Underground Construction, Inc. (San José)	\$3,783,934	\$2,163,939	134

Bid Price Analysis

The low bid submitted by SubTerra Construction, Inc. is 71% above the Engineer's Estimate. This was a result of higher unit costs for point repairs, installation of cured-in-place pipe liner, and the work associated with the rehabilitation of sanitary sewer manholes. Potential reasons for the higher bids include the competitive nature within the construction industry, higher material and labor prices, or a combination of these issues. Staff will continue to monitor issues influencing construction costs and will consider these uncertainties on future projects. Staff considers the low bid to be acceptable for the work involved.

Contractor Responsibility Analysis

SubTerra Construction, Inc. has successfully completed multiple sanitary sewer projects for the City, including 9331 – Mabury Yard Sanitary Sewer Replacement accepted in

October 2023 and 9584 – Cast Iron Sewer Replacement Fiscal Year 2020-2021 Package II accepted in May 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 October 4, 2024 and again on October 15, 2024. 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 \$1.21 million.

Local and Small Business Analysis

The recommended contractor is not a local business or a small business enterprise. No local 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 source of funding for this Project is through the 545 Sewer Service and Use Charge Capital Improvement Fund. This Project will have no net operating and maintenance costs.

1. TOTAL COST OF PROJECT:

Project Delivery*	\$746,869
Construction	\$2,775,574
Contingency	\$277,557
TOTAL PROJECT COSTS	\$3,800,000
Prior Years’ Expenditures	\$242,668
TOTAL REMAINING PROJECT COSTS	\$3,557,332

*Project delivery includes \$262,808 for design services and \$484,061 for inspection, survey and materials lab services, utilities, construction management, and project closeout costs.

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

Mobilization	\$95,000
Traffic Control	\$50,000
Remove and Replace	\$533,835
Point Repairs	\$70,500
Cured-in-Place Pipe Liner Installation	\$1,141,735
New Manholes	\$72,000
Manhole Rehabilitation	\$418,500
Other Construction Costs	\$394,004
TOTAL AGREEMENT/CONTRACT AMOUNT	\$2,775,574

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 No.	Appn. No.	Appropriation Name	Total Appropriation	Amount for Contract	2024-2025 Capital Budget Page	Last Budget Action (Date, Ord. No.)
545	7356	Condition Assessment Sewer Repair	\$6,000,000	\$2,775,574	194	6/18/2024, 31102

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 December 3, 2024 City Council meeting.

HONORABLE MAYOR AND CITY COUNCIL

November 12, 2024

Subject: Report on Bids and Award of Contract for 10085 – Sanitary Sewer Repairs Fiscal Year 2022-2023 Package III Project

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COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Exempt, File No. ER23-189, CEQA Guidelines Sections 15301(b) Existing Facilities, and 15302(c) of the State Guidelines for Implementation of the California Environmental Quality Act (CEQA) Replacement or Reconstruction. (See **Attachment B** – Statement of Exemption, ER23-189.)

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, Public Works Deputy Director, at Mathew.Nguyen@sanjoseca.gov or (408) 535-8300.

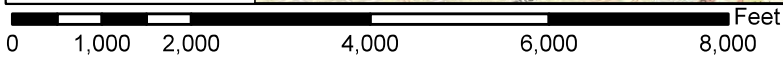
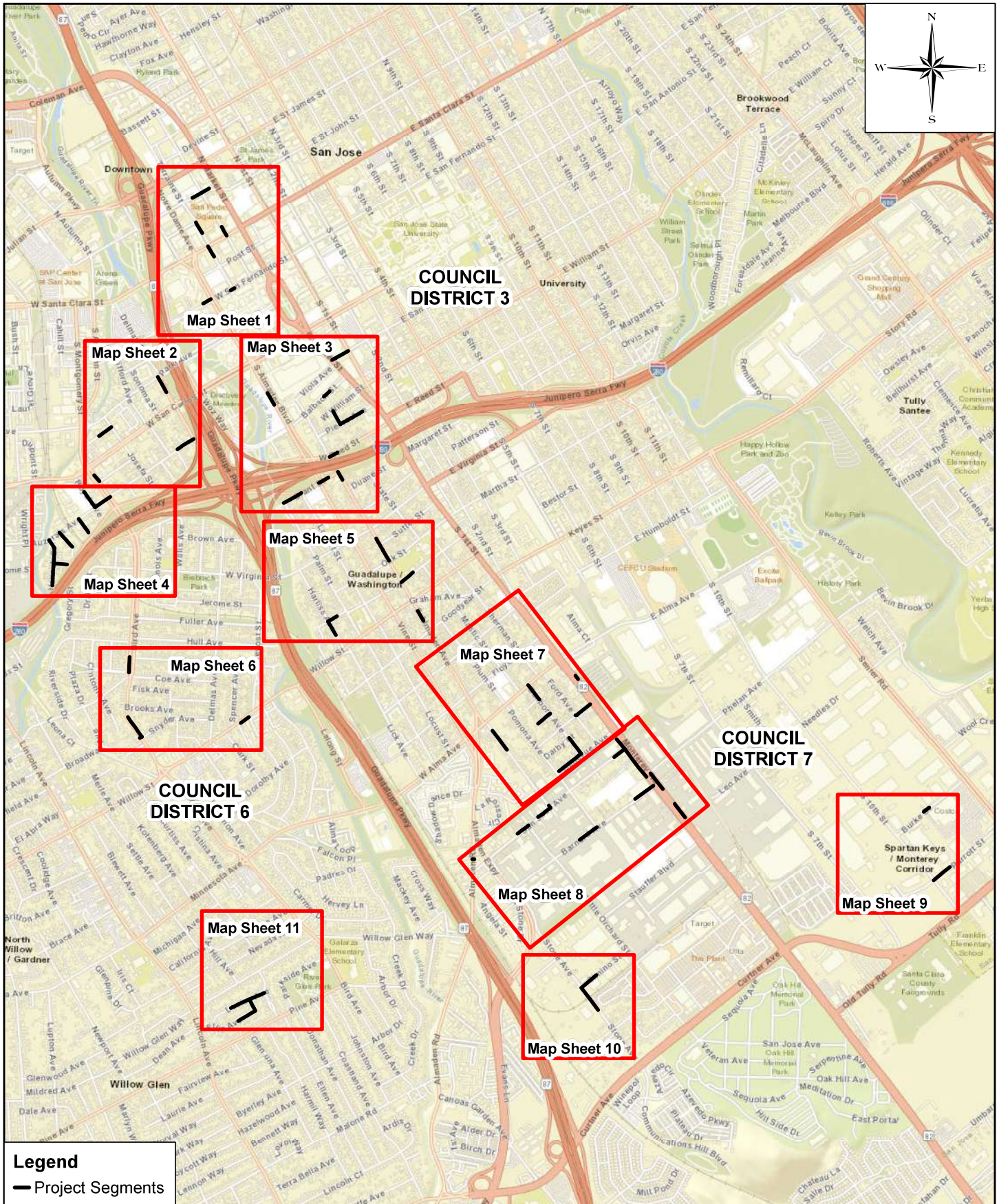
ATTACHMENTS:

Attachment A – Location Map

Attachment B – Statement of Exemption, ER23-189

10085 - SANITARY SEWER REPAIRS FY 2022-2023 PACKAGE III

LOCATION MAP



STATEMENT OF EXEMPTION

FILE NO.	ER23-189
LOCATION OF PROPERTY	Citywide
PROJECT DESCRIPTION	Public Project Exemption for sewer inspection, removal and replacement, and rehabilitation work. These types of projects would include the inspection, replacement, and rehabilitation of existing sewer mains ranging from approximately 4- to 44-inch in diameter and associated facilities (e.g. manholes) located in the public-right-of-way and/or in a public utility easement (PUE) throughout the City of San Jose. These projects will evaluate the current condition of each segment of sewer pipeline to determine the appropriate repair method, and deploy pipeline point repairs, Cured-In-Place-Pipe (CIPP) liners, or removal and replacement of entire segments to eliminate exfiltration. These projects may also result in replacing the existing sewer pipeline with a different material than the original but will not increase the size of the sewer pipelines and will not result in expansion of capacity. New associated facilities, such as manholes, may be installed as part of the replacement work. This exemption is only valid for projects that are within the scope of work as described below. This exemption will not be valid for segments that have significant impact to scenic highways, historic resources, or located on a site that is included on any list compiled pursuant of Section 65962.5 of the Government Code.

Expiration date: August 21, 2028

CERTIFICATION

Under the provisions of Sections 15301(b) and 15302(c) 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

15302. REPLACEMENT OR RECONSTRUCTION

Class 2 consists of replacement or reconstruction of existing structures and facilities where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced, including but not limited to:

- (c) Replacement or reconstruction of existing utility systems and/or facilities involving negligible or no expansion of capacity.

ANALYSIS

Public Project Exemption for the inspection, removal and replacement, and rehabilitation of existing sewer segments ranging from approximately 4- to 44-inch diameter in size. This project will evaluate the current condition of each segment of sewer main to determine the appropriate repair method and deploy appropriate point repairs, Cured-In-Place-Pipe (CIPP) liners, or removal and replacement of entire segments to eliminate exfiltration. The purpose of this work is to upgrade and ensure efficiency and safety of the existing utility service system. If replacements are needed, the replacement will not increase the size of the sewer mains and will not result in expansion of capacity. Associated equipment, such as manholes, may need replacement as well.

All of the sewer main segments are located within the City boundary. Most are located within the right-of-way and/or a PUE. There are a few segments of sewer mains that are not within the public-right-of way and/or a PUE, within 100 feet of a water way, or within the wildlife survey areas or other fee zones as defined by the Santa Clara Valley Habitat Conservation Plan. Even so, the type of work proposed would qualify for a Habitat Conservation Plan exemption from all conditions as the proposed work is considered as, "Routine infrastructure maintenance by public agencies within the planning limit of urban growth that do not affect stream, riparian, serpentine, ponds, or wetland land cover types" (Habitat Conservation Plan, Chapter 6.2). In addition, the work taking place would be within existing disturbed areas and the project would not expand the capacity or length of the sewer main 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.

In addition, as mentioned above, any tree that is not a Heritage tree that must be removed as a result of the project shall be removed and replaced in accordance with the Department of Transportation regulations. This exemption is only valid for projects that are within the scope of work described. This exemption will not be valid for any segments that have significant impacts to scenic highways, historical resources, or in areas that are included on any list compiled pursuant of Section 65962.5 of the Government Code.

As the project consists of inspection, removal and replacement, and repair of existing utilities facilities or structures, the project, will not involve expansion of the existing infrastructure. Therefore, the project is exempt to CEQA Guideline Section 15301(b) and 15302(c). Projects that are not within the scope of work will require separate environmental review and determination. This exemption is valid until August 21, 2028.

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 of 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. Section 15300.2(a) stated that a project that is ordinarily insignificant in its impact on the environment may in a particularly sensitive environment be significant. Section 15300.2(a) does not apply to the Class Category 1 and 2 of exemptions as the project will not occur in a sensitive area.
- (b) Cumulative Impact. Based on the above analysis, there is no evidence of a potential significant cumulative impact on the environment from the proposed project. The project proposes review and rehabilitation of existing sewer mains throughout the city. It has been determined that 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 result in damage to any scenic resources. If one does, it is subject to 15300.2(d) and may not utilize this categorical exemption.
- (e) Hazardous Waste Sites. It is not anticipated that the specific project sites will be implemented in an area that is included on any list compiled pursuant to Section 65962.5 of the Government Code. If one does, it is subject to 15300.2(e) and may not utilize this categorical exemption.
- (f) Historical Resources. It is not anticipated that the specific project sites will result in damage to any historic resources. If one does, it is subject to 15300.2(f) and may not utilize this categorical exemption.

Christopher Burton, Director
Planning, Building and Code Enforcement



Date: August 23, 2023

Deputy

Environmental Project Manager:
Tina Garg