



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Loesch

SUBJECT: SEE BELOW

DATE: August 7, 2023

Approved

Date

8/16/23

COUNCIL DISTRICTS: 2, 6, 7, and 9

**SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR THE 10089 -
SANITARY SEWER REPAIRS FISCAL YEAR 2022-2023 PACKAGE V
PROJECT**

RECOMMENDATION

- a) Report on bids and award of contract for the construction of 10089 - Sanitary Sewer Repairs Fiscal Year 2022-2023 Package V Project to the lowest responsive, responsible bidder, Southwest Pipeline & Trenchless Corp., in the amount of \$1,444,313; and
- b) Approve a 10% contingency in the amount of \$144,431.

SUMMARY AND OUTCOME

Award of the contract to Southwest Pipeline & Trenchless Corp. enables the 10089 - Sanitary Sewer Repairs FY 2022-2023 Package V Project (Sanitary Sewer Repairs 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 provides 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 an Exfiltration Abatement Program to minimize the risk of wastewater leaking out of sanitary sewer pipes and entering adjacent storm sewer pipes. The Sanitary Sewer Repairs Project is a part of this program and will repair and rehabilitate sewer segments that are either crossing above or are adjacent to (within 10 feet)

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an existing storm drainpipe. The sewer segments, totaling approximately 13,000 linear feet, included as a part of the Sanitary Sewer Repairs Project are located throughout City Council Districts 2, 6, 7, and 9. (**Attachment** - Location Map).

This project will evaluate the condition of 41 selected six-inch and eight-inch diameter vitrified clay pipe sewer segments, perform necessary point repairs, and install approximately 13,000 linear feet of cured-in-place pipe liner in all sewer segments identified.

Construction is scheduled to begin in November 2023 with substantial completion in April 2024.

ANALYSIS

Bids were opened on June 29, 2023 with the following results:

| <u>Contractor</u> | <u>Bid Amount</u> | <u>Variance Amount</u> | <u>Over/(Under) Percent</u> |
|---|--------------------------|-------------------------------|------------------------------------|
| Engineer's Estimate | \$1,029,072 | -- | -- |
| Southwest Pipeline & Trenchless Corp. (Torrance, CA) | \$1,444,313 | \$415,241 | 40 |
| Express Sewer & Drain, Inc. (Rancho Cordova, CA) | \$1,997,899 | \$968,827 | 94 |

The low bid submitted by Southwest Pipeline & Trenchless Corp. is 40% above the Engineer's Estimate. This was a result of higher unit costs for mobilization, manhole construction, and cured-in-place pipe liner. Unit prices for these items of work, as well as others, have been fluctuating significantly since early 2020 and have not stabilized, largely due to higher demands and shortages in both labor and materials. Staff will continue to monitor issues affecting construction costs and will take them into account on future projects. The bid is considered acceptable for the work involved.

Southwest Pipeline & Trenchless Corp. has successfully completed multiple sanitary sewer projects of similar scope for the City of San José, including 9393-Sanitary Sewer Repairs FY 2019-2020 Package I accepted in October 2021 and 8515-Sanitary Sewer Repairs 2016-17 Package VI accepted in November 2018.

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 building or buildings. The standard contingency is appropriate for this project.

Project Labor Agreement Applicability

The City's Project Labor Agreement is not applicable to this project because the Engineer's Estimate is under \$1.22 million.

Local and Small Business Analysis

The recommended contractor is not a local or a small business enterprise. In addition, 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 Sanitary Sewer Repairs Project have been reviewed and it has been determined that the project will have no significant adverse impact on the Sewer Service and Use Charge Fund or General Fund operating budgets. 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.

1. TOTAL COST OF PROJECT:

| | |
|---|---------------------------|
| Programmatic Project Delivery Estimate* | \$471,206 |
| Construction Contract | \$1,444,313 |
| Contingency (10%) | \$144,431 |
| TOTAL PROJECT COSTS: | <u>\$2,059,950</u> |
| Prior Years' Expenditures | \$70,653 |
| TOTAL REMAINING PROJECT COSTS | \$1,989,297 |

* Project delivery includes \$70,653 for Design Services and \$400,553 for Inspection, Survey and Materials Lab Services, Utilities, Construction Management, and project closeout costs.

2. COST ELEMENTS OF CONTRACT:

| Contract Elements | Extension |
|--|--------------------|
| Mobilization | \$140,000 |
| Traffic Control | 55,000 |
| Point Repairs | 122,000 |
| Cured-in-Place Pipe Liner Installation | 571,713 |
| New Manholes | 200,000 |
| Other Construction Costs | 355,600 |
| TOTAL AGREEMENT/CONTRACT AMOUNT | \$1,444,313 |

BUDGET REFERENCE

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

| Fund # | Appn # | Appn Name | Total Appn | Amt. for Contract | 2023-2024 Proposed Capital Budget Page* | Last Budget Action (Date, Ord. No.) |
|--------|--------|--|-------------|-------------------|---|-------------------------------------|
| 545 | 4272 | Immediate Replacement & Diversion Projects | \$4,000,000 | \$1,444,313 | 175 | 06/20/2023, 30933 |

* The 2023-2024 Adopted Capital Budget was approved on June 13, 2023 and adopted on June 20, 2023 by the City Council.

COORDINATION

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

PUBLIC OUTREACH

This memorandum will be posted on the City’s Council Agenda website for the August 29, 2023 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

There is no commission recommendation or input associated with this action.

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CEQA

Categorically Exempt, File No. ER22-048, CEQA Guidelines Sections 15301(b) Existing Facilities and 15302(c) Replacement or Reconstruction. (**Attachment B** – Statement of Exemption ER22-048)

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 ER22-048

10089 - Sanitary Sewer Repairs FY 2022-2023 Package V LOCATION MAP



| |
|-------------------------------|
| STATEMENT OF EXEMPTION |
|-------------------------------|

| | |
|-----------------------------|--|
| FILE NO. | ER22-048 |
| LOCATION OF PROPERTY | Citywide |
| PROJECT DESCRIPTION | Public Project Exemption for sewer rehabilitation work. These types of projects would include the inspection and rehabilitation of existing sewer mains ranging from approximately 4- to 30-inch in diameter located in the public-right-of-way and/or in a public utility easement (PUE) throughout the City of San Jose. This project 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. 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: March 28, 2027.

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 no 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 review and rehabilitation of existing sewer segments ranging from approximately 4- to 30-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 Conversation 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 and replacement of existing utilities facilities or structures, the project, will not involve expansion of the existing use and will only repair existing public infrastructures. 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 March 28, 2027.

Exceptions:

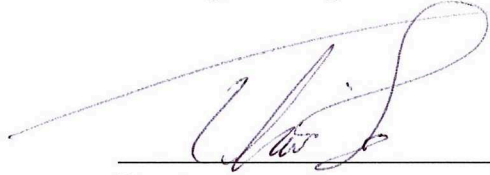
CEQA Guidelines Section 15300.2 provides exceptions to the use of a Categorical Exemptions where the use of a Categorical Exemption is prohibited under certain circumstances. The City evaluated the proposed project's applicability to all of the exceptions under Section 15300.2. An analysis of each of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



Deputy

Date 03/17/2022

Environmental Project Manager:
Nhu Nguyen