



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Loesch

SUBJECT: See Below

DATE: August 4, 2025

Approved

Date:

8/12/25

COUNCIL DISTRICTS: 5, 7, 8

SUBJECT: Report on Bids and Award of Contract for the 10424 – Sanitary Sewer Repairs FY 2024-2025 Package II Project

RECOMMENDATION

- (a) Report on bids and award of contract for the construction of 10424 – Sanitary Sewer Repairs FY 2024-2025 Package II Project, to the lowest responsive, responsible bidder, C2R Engineering, Inc., in the amount of \$1,467,810; and
- (b) Approve a 10% contingency in the amount of \$146,781.

SUMMARY AND OUTCOME

Award of the contract to C2R Engineering, Inc. enables the construction of the 10424 – Sanitary Sewer Repairs FY 2024-2025 Package II Project (Project), which will provide 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 a 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 Project is a part of this program and will repair and rehabilitate the most significantly defective sewer mains that are either crossing above or adjacent to (within 10 feet) an existing storm drainpipe. The sanitary sewer segments included as a part of this Project are located throughout City Council Districts

5, 7 and 8. (Attachment A – Project Location Map – 10424-Sanitary Sewer Repairs FY 2024-2025 Package II).

This Project will video inspect the condition of 30 selected six-inch, eight-inch and 10-inch diameter vitrified clay pipe, perform necessary point repairs, and install approximately 7,800 linear feet of cured-in-place pipe liner. The Project also includes the removal and replacement of one sanitary sewer manhole, removal of one sanitary sewer flushing inlet and replacing with a new sanitary sewer manhole, rehabilitation of existing manholes, and the reconnection of active sanitary sewer service laterals.

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

ANALYSIS

Bids were opened on June 26, 2025, with the following results:

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
C2R Engineering, Inc. (Los Altos)	\$1,467,810	(\$57,190)	(4)
Engineer's Estimate	\$1,525,000	--	--
Corcus Construction, Inc. (San Francisco)	\$1,593,526	\$68,526	4
Pacific Underground Construction, Inc. (San José)	\$1,759,847	\$234,847	15
SubTerra Construction, Inc. (San Francisco)	\$1,973,589	\$448,589	29

Procurement Issues

Pacific Underground Construction, Inc.'s schedule of quantities included math errors.

Bid Price Analysis

The low bid submitted by C2R Engineering; Inc. is approximately 4% below the Engineer's Estimate. This was the result of lower unit costs for cured-in-place pipe liner installation and lateral reinstatement. Factors that may have resulted in lower than estimated bids can be attributed to a competitive bidding environment and the

contractor's familiarity with this type of work. Staff considers the low bid to be competitive and acceptable for the work involved.

Contractor Responsibility Analysis

C2R Engineering, Inc. has successfully completed multiple sanitary sewer projects of similar scope for other local municipalities, including "2024-631, San Juan Blvd Improvement Project" for the City of Belmont which was accepted in January 2025, "2023 On-Call Sewer Replacement Project" for the City of San Carlos which was accepted in December 2024, "County Sanitation District No. 2 & 3 – Fiscal Year 2020 2021 Capital Improvement Project" which was accepted in May 2021, and "Basin C Rehabilitation Project" for the City of San Mateo which was accepted in August 2020.

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 June 26, 2025 and again on July 9, 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 a local but not a small business enterprise. No local and/or small business enterprise 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

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. 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*	\$ 665,653
Construction	1,467,810
Contingency	146,781
TOTAL PROJECT COSTS	\$2,280,244
Prior Years' Expenditures	127,875
TOTAL REMAINING PROJECT COSTS	\$2,152,369

*Project delivery includes \$100,537 for design services and \$565,116 for construction management and inspection services.

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

Mobilization and Traffic Control	\$ 220,000
Point Repairs	252,000
Cured-in-Place-Pipe Liner Installation	641,595
Manhole Rehabilitation	54,560
Other Construction Costs	299,655
TOTAL AGREEMENT/CONTRACT AMOUNT	\$1,467,810

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	4272	Immediate Replacement and Diversion Projects	\$6,600,000	\$1,467,810	178	6/17/2025 31230

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

Project costs and associated expenses are expected to be incurred within the 2025-2026 fiscal year.

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.

CEQA

Exempt, File No. ER23-189. CEQA Guidelines Sections 15301(b) Existing Facilities, and 15302(c) Replacement or Reconstruction. (Attachment B)

HONORABLE MAYOR AND CITY COUNCIL

August 4, 2025

Subject: Report on Bids and Award of Contract for the 10424 – Sanitary Sewer Repairs FY 2024-2025 Package II Project

Page 6

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 – Project Location Map – 10424-Sanitary Sewer Repairs FY 2024-2025 Package II

Attachment B – Statement of Exemption ER23-189

Attachment A - Project Location Map - 10424 - Sanitary Sewer Repairs FY 2024-2025 Package II



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 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



Date: August 23, 2023

Deputy

Environmental Project Manager:
Tina Garg