



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: July 29, 2019

Approved

Date

8/8/19

COUNCIL DISTRICT: 8

**SUBJECT: REPORT ON BIDS AND REJECT ALL BIDS FOR 8927 – FOWLER
PUMP STATION REPLACEMENT**

RECOMMENDATION

Report on bids and reject all bids received for the Fowler Pump Station Replacement Project.

OUTCOME

Construction of the project will not proceed at this time and the project will be rebid later this fiscal year.

BACKGROUND

San José Municipal Water System planned the replacement and upgrade of an existing pump station that has reached the end of its useful life. The pump station is located on Fowler Road in the Evergreen service area. A new pump station and associated water system infrastructure will increase the security and reliability of the potable water supply in the service area.

The project scope consists of the purchase and installation of new pumps, pipes, valves, and appurtenances; new electrical facilities; new instrumentation and controls; installation of a new pre-engineered pump station building; and demolition of existing pump equipment.

ANALYSIS

The project was advertised for bid, with one bid received and opened on June 20, 2019 with the following results:

<u>Contractor</u>	<u>City</u>	<u>Bid Amount</u>	<u>Variance Over/(Under)</u>	
			<u>Amount</u>	<u>Percent</u>
Engineer's Estimate	--	\$2,073,086	--	--
JMB Construction, Inc.	San Francisco, CA	\$3,235,500	\$1,162,414	56.1%

The apparent low bidder submitted a bid that is 56 percent over the Engineer's Estimate. Upon analysis of the bid, staff concludes that some of the unit prices that were bid are overpriced for industry standards compared to similar projects within San José and the Bay Area. One reason may be that the timing of the bidding period occurred during what is typically the busy construction season for contractors; the cost of some of the project's required materials may be higher due to fewer available resources. The allocated funds for this project are not enough to proceed with the award. The existing pump station is still able to operate with reduced capacity in its current condition, therefore there is flexibility within the schedule to delay the construction in order to rebid the project with a goal of reducing project costs.

The project will be rebid later in the fiscal year. Prior to the rebidding process, staff will further analyze the project scope and specifications to identify whether any changes can be made to decrease anticipated project costs and to encourage additional bids.

EVALUATION AND FOLLOW-UP

The project will be re-evaluated and rebid later this fiscal year. Staff will report to Council on bids received during the rebid process.

PUBLIC OUTREACH

To solicit contractors, this project was advertised on May 29, 2019 in the *San José Post Record* and the complete bid package and project information was made available on *BidSync* for interested contractors, contractor organizations, and builders' exchanges. This memorandum will be posted on the City's Council Agenda website for the August 20, 2019 Council Meeting.

COORDINATION

This project has been coordinated with the Public Works Department and the City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action

CEQA

Not a Project, File No. PP17-007, Preliminary direction to staff and eventual action requires approval from decision-making body.

/s/
KERRIE ROMANOW
Director, Environmental Services

For questions, please contact Jeff Provenzano, Deputy Director, Environmental Services Department, at (408) 277-3288.