



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Matt Cano

**SUBJECT:** 6724 – RINCON AVENUE - VIRGINIA  
AVENUE SANITARY SEWER  
IMPROVEMENT

**DATE:** May 29, 2018

Approved

Date

6-7-18

**COUNCIL DISTRICT: 1**

## RECOMMENDATION

Report on bids and award of contract for the 6724 – Rincon Avenue - Virginia Avenue Sanitary Sewer Improvement to the low bidder, Cratus, Inc. in the amount of \$4,357,130 and approve a contingency in the amount of \$435,713.

## OUTCOME

Award of the construction contract to Cratus, Inc. will enable the 6724 – Rincon Avenue - Virginia Avenue Sanitary Sewer Improvement Project to proceed. Approval of a ten percent contingency will provide funding for any unanticipated work necessary for the proper completion or construction of the project.

## BACKGROUND

The Rincon Avenue - Virginia Avenue Sanitary Sewer Improvement project is located in District 1 and partially in the City of Campbell generally along Campbell Avenue, Virginia Avenue, Rincon Avenue, Montezuma Drive, Acapulco Drive, Middleton Drive, Valerie Drive, Twyla Lane and Twyla Court (location map attached). The City of Campbell sanitary sewer system is managed by West Valley Sanitation District (WVSD). The City of San José has collaborated as part of the Joint Use Agreement with WVSD and the City of Campbell to build this project. Per the Joint Use Agreement and based on the reserved capacity in this portion of the sewer system, the City will manage and fund the project and WVSD will reimburse the City 80% of the total project cost.

The proposed improvement will implement the Forest-Rosa 1 “FSR-1” project as stated in the Sanitary Sewer Master Plan Capacity Assessment Phase II and Update of Phase I study which has identified the need to improve the sanitary sewer system in the area to address existing sewer system capacity deficiencies. The project will upsize approximately 6,222 linear feet of existing

6, 8, 10-inch diameter Vitrified Clay Pipe (VCP) to 15-inch diameter VCP and 18-inch diameter Polyvinylchloride Pipe (PVC), and 175 feet of 27-inch diameter lined Reinforced Concrete Pipe (RCP) to 30-inch pre-lined RCP, using open trench excavation and trenchless methods of installation. The project includes pipe-bursting of approximately 151 feet of 10-inch VCP pipe and replaces it with a 16-inch High-Density Polyethylene (HDPE) pipe located in a 10-foot wide public service easement adjacent to two residential properties on Twyla Court and San Tomas Aquino Creek. Bypass pumping will be utilized during open trench excavation on Campbell Avenue west of San Tomas Aquino Expressway, if necessary.

Encroachment permits have been issued by the Santa Clara County Roads and Airports Department and the City of Campbell for work at the intersection of San Tomas Aquino Expressway and Campbell Avenue and in the City of Campbell, respectively. The Santa Clara Valley Water District has issued an encroachment permit for the work at the top of bank of San Tomas Aquino Creek.

Construction is scheduled to begin in October 2018 with substantial completion in June 2019.

**ANALYSIS**

Bids for this project were opened on May 17, 2018 with the following results:

<u>Contractor</u>	<u>Base Bid</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
<b>Engineer's Estimate</b>	<b>\$3,616,405</b>	--	--
Cratus, Inc. (San Francisco, CA)	4,357,130	\$740,725	20
Pacific Underground Construction, Inc. (San José, CA)	4,626,461	1,010,056	28
Mountain Cascade, Inc. (Livermore, CA)	4,790,950	1,174,545	32
Ranger Pipelines (San Francisco, CA)	5,624,714	2,008,309	55

There were four bids submitted that varied from 20 to 55 percent over the Engineer's Estimate. The low bid submitted by Cratus, Inc. is 20 percent above the Engineer's Estimate. The variations between the low bid and Engineer's Estimate can be attributed to increases in material and labor costs as a result of increases in pipe manufacturing costs and the shortage of skilled labor in the Bay Area. In addition, this project has incorporated WVSD design criteria which specified PVC pipes in their jurisdiction. Since, large diameter PVC pipe is not commonly used in the San José sanitary sewer collection system and its price has increased significantly, the Engineer's Estimate did not capture the escalation and resulted in a lower estimate. Cratus, Inc.

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has successfully worked on City projects as both a prime contractor and subcontractor. The bid is considered acceptable for the work involved in the project.

Council Policy provides for a standard contingency of ten percent on public works projects involving utilities, storm drains or sanitary sewers. The standard contingency is appropriate for this project.

### **EVALUATION AND FOLLOW-UP**

This project is currently on schedule with expected substantial completion by June 2019. No additional follow up action with the City Council is expected at this time.

### **PUBLIC OUTREACH**

To solicit contractors, this project was listed on Bid Sync (<http://www.bidsync.com/>) and advertised in the *San José Post Record*. Bid packages for all Department of Public Works construction projects were provided to various contractor organizations and builders' exchanges.

This memorandum will be posted on the City's website for the June 19, 2018, City Council agenda.

### **COORDINATION**

This project and memorandum have been coordinated with the Department of Planning, Building and Code Enforcement, the Department of Transportation, the City Attorney's Office, and the City Manager's Budget Office. The project design and funding was coordinated with West Valley Sanitation District and the City of Campbell.

### **COMMISSION RECOMMENDATION/INPUT**

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

### **FISCAL/POLICY ALIGNMENT**

This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy.

**COST SUMMARY/IMPLICATIONS**

1.	AMOUNT OF RECOMMENDATION/COST OF PROJECT:	<b>\$ 4,357,130</b>
	Project Delivery	\$ 1,016,166 *
	Construction	4,357,130
	Contingency	<u>435,713</u>
	Total Project Costs	\$ 5,809,009
	Cost to Date Expenditures	319,349
	<b>REMAINING PROJECT COSTS</b>	<b>\$ 5,489,660</b>

\* Project delivery includes \$319,349 for Design Services and \$772,500 for Inspection, Survey and Materials Lab Services, Construction Management, and project closeout costs

2. COST ELEMENTS OF CONTRACT:

Mobilization, Permits, and Traffic Control	\$ 326,930
Pipeline Installation and Repairs	3,760,200
Manhole Construction/Rehabilitation	<u>270,000</u>
<b>TOTAL AGREEMENT/CONTRACT AMOUNT</b>	<b>\$ 4,357,130</b>

3. SOURCE OF FUNDING: 545 - Sewer Service and Use Charge Capital Improvement Fund.

4. OPERATING COSTS: The proposed operating and maintenance costs of this 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.

**BUDGET REFERENCE**

The table below identifies the fund and appropriation proposed to fund the contract recommended as part of this memorandum and remaining project costs, including project delivery, construction, and contingency costs.

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The table below identifies the fund and appropriation proposed to fund the contract recommended as part of this memorandum and remaining project costs, including project delivery, construction, and contingency costs.

Fund #	Appn #	Appn. Name	RC #	Total Appn.	Amt. for Contract	2017-2018 Adopted Capital Budget (Page)	Last Budget Action (Date, Ord.No.)
545	7474	Rincon Avenue - Virginia Avenue Sanitary Sewer Improvements	172345	\$4,418,000	\$4,200,000	193	2/13/2018, 30070
545	4271	Urgent Rehabilitation and Repair Projects	194195	\$8,000,000	\$157,130	203	5/22/2018, 31016

**CEQA**

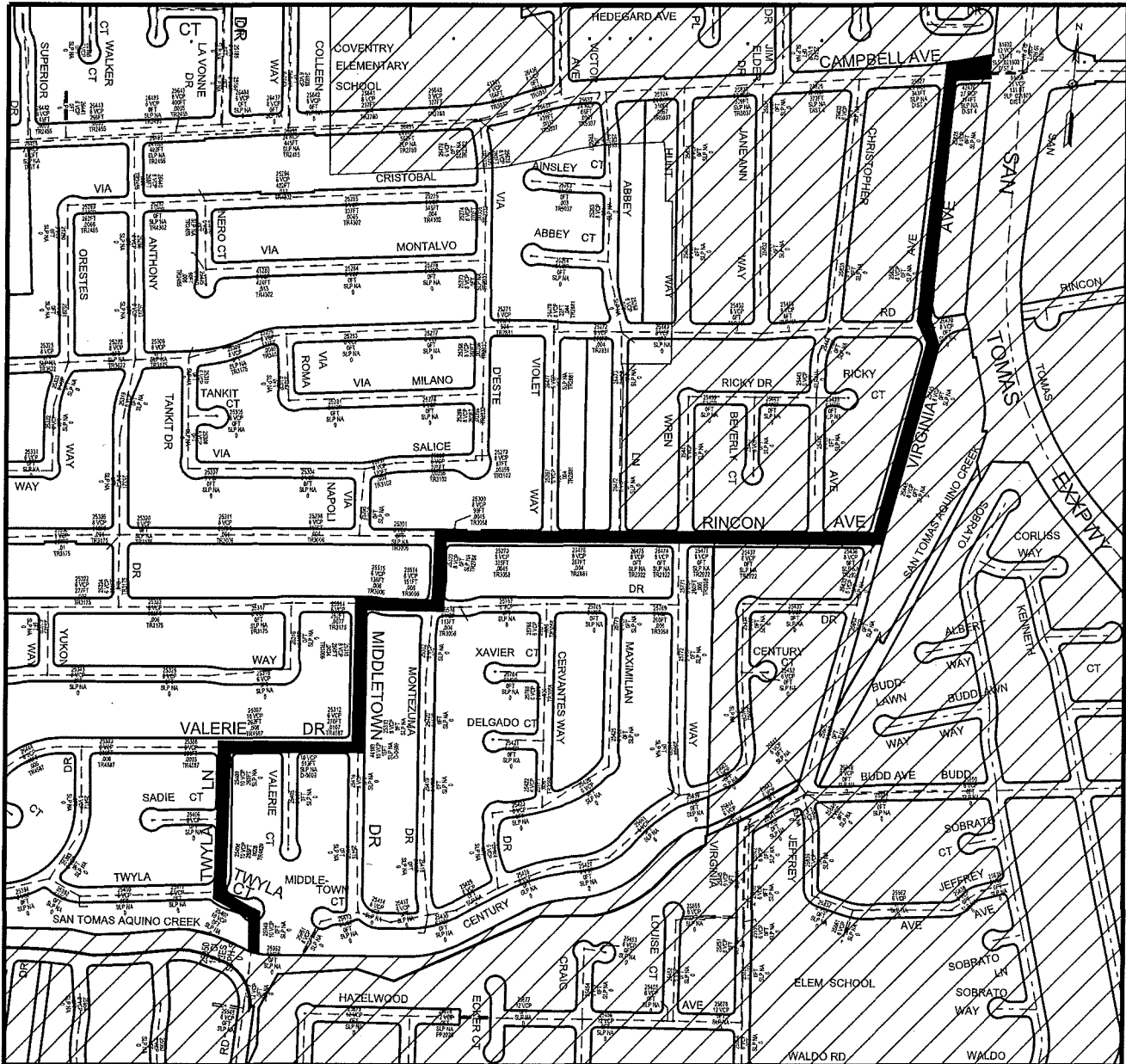
Exempt, File No. PP17-029; PP17-025, CEQA Guidelines Section 15301, Existing Facilities and 15302, Replacement or Reconstruction.

/s/  
MATT CANO  
Director of Public Works

Attachments: Rincon Virginia Location Map

For questions, please contact Michael O’Connell, Deputy Director, at (408) 535-8300.

# 6724-RINCON AVE/ VIRGINIA AVE SANITARY SEWER IMPROVEMENT



MAP #97, 98, 112 & 113

LOCATION MAP  
N.T.S.