



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Kerrie Romanow

**SUBJECT:** SEE BELOW

**DATE:** July 29, 2019

Approved

Date

8/8/19

**COUNCIL DISTRICT: 4**

**SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR  
8976 – NORTH FIRST STREET PARALLEL MAIN - PHASE IV**

## RECOMMENDATION

Report on bids and award of contract for 8976 – North First Street Parallel Main-Phase IV Project to the low bidder, Cratus Inc., in the amount of \$1,479,603 and approval of a contingency in the amount of \$147,960.

## OUTCOME

The award of the contract will allow for the construction of a water main and services to provide the continued reliable delivery of water to San José Municipal Water System customers. Approval of a contingency will provide funding for any unanticipated work or unforeseen conditions that may arise during construction.

## BACKGROUND

This project is part of San José Municipal Water System's ongoing steel and asbestos cement water main replacement program. The project will replace an asbestos cement pipe with a new ductile iron pipe in North First Street between Trimble Road and Orchard Parkway. The existing pipeline was constructed in the 1970s and is nearing the end of its useful life. The new pipeline will be installed parallel to the existing and will improve overall system resiliency.

July 29, 2019

**Subject: Award of Contract for North First Street Parallel Main-Phase IV**

Page 2

**ANALYSIS**

The project was advertised for bid and a total of four bids were received and opened on Wednesday, July 3, 2019 with the following results:

<b><u>Contractor</u></b>	<b><u>City</u></b>	<b><u>Bid Amount</u></b>	<b><u>Variance Over/(Under)</u></b>	
			<b><u>Amount</u></b>	<b><u>Percent</u></b>
<b>Engineer's Estimate</b>	--	<b>\$1,430,850</b>	--	--
Cratus, Inc.	San Francisco, CA	\$1,479,603	+\$48,753	3.4%
JMB Construction, Inc.	South San Francisco, CA	\$1,997,500	+\$566,650	39.6%
Pacific Underground Construction, Inc.	San Jose, CA	\$2,233,139	+\$802,289	56.1%
Sanco Pipelines, Inc.	Los Gatos, CA	\$3,608,045	+\$2,177,195	152.2%

The four bids received had a variation of approximately 3% to 152% over the Engineer's Estimate. Cratus Inc. from San Francisco submitted the lowest bid in the amount of \$1,479,603, which is 3.4% above the Engineer's Estimate. Staff recommends award of the contract to the lowest responsive bidder, Cratus Inc. whose bid has been reviewed, analyzed, and found acceptable.

**EVALUATION AND FOLLOW-UP**

No additional follow-up actions with the City Council are expected at this time.

**PUBLIC OUTREACH**

To solicit contractors, this project was advertised in the San José Post Record and the complete bid package and project information was available on Bidding. This memo will be posted on the City's website for the August 20, 2019 City Council meeting.

**COORDINATION**

This project has been coordinated with the Public Works Department, Finance Department (Risk Management), the City Manager's Budget Office, and the City Attorney's Office.

July 29, 2019

Subject: Award of Contract for North First Street Parallel Main-Phase IV

Page 3

**COMMISSION RECOMMENDATION/INPUT**

This item was not coordinated with any City commissions.

**COST SUMMARY/IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION: \$1,479,603
  
2. COST ELEMENTS OF CONTRACT:
 

Project Delivery	\$70,000
Construction	\$1,479,603
<u>Contingency</u>	<u>\$147,960</u>
Total Project Costs	\$1,697,563
  
3. SOURCE OF FUNDING: 500 – Water Utility Capital Fund
  
4. FISCAL IMPACTS: Approval of the recommended action will have no impact on the Water Utility Fund or General Fund operating budgets.

**BUDGET REFERENCE**

The table below identifies the fund and appropriations 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	Current Total Appn	Amt. for Contract	2019-2020 Proposed Capital Budget Page*	Last Budget Action (Date, Ord. No.)
<b>Remaining Project Costs</b>			<b>\$1,697,563</b>			
500	410Q	Annual Water Main Replacements	\$3,200,000	\$1,479,603	V-187	06/18/2019; ORD 30286
500	5366	Infrastructure Improvements	\$810,000	\$217,960	V-188	06/18/2019; ORD 30286
<b>Total Current Funding Available</b>			<b>\$3,200,000</b>	<b>\$1,627,563</b>		

\* The 2019-2020 Proposed Capital Budget was adopted on June 18, 2019.

HONORABLE MAYOR AND CITY COUNCIL

July 29, 2019

**Subject: Award of Contract for North First Street Parallel Main-Phase IV**

Page 4

**CEQA**

Categorically Exempt, File No. PP 17-050, CEQA Guidelines Sections 15301, Existing Facilities; and 15302, Replacement and Reconstruction.

*/s/*

KERRIE ROMANOW

Director of Environmental Services

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