



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: May 31, 2022

Approved

Date

06/01/22

**SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR 10166 – REPAIRS
OF WATER SERVICES AND MAINS: 2022-2025**

RECOMMENDATION

Report on bids and award of contract for the 10166 - Repairs of Water Services and Mains: 2022-2025 project to the lowest responsive bidder, San José Water Company, in the amount of \$2,922,646.74.

OUTCOME

The award of the contract for the 10166 - Repairs of Water Services and Mains: 2022-2025 project will enable the repair of existing water mains and services, which will provide a reliable source of water to San José Municipal Water System and South Bay Water Recycling Program customers.

BACKGROUND

The San José Municipal Water System (Muni Water) and South Bay Water Recycling Program (SBWR) are currently using the “8687 – Repairs of Water Mains and Services: 2017” contract to perform needed repairs on existing potable and recycled water infrastructure, such as repair of a water main break.

The current contract was awarded by the City Council on November 14, 2017 to the lowest bidder, San José Water Company, for the initial term of November 2017 to November 2020, in an amount not to exceed \$1,617,407. In June 2019, City Council approved a contract amendment to add \$1,200,000 to the total compensation amount. The contract allowed for two one-year contract extension options, which would add \$539,136 per option year. Both options were exercised. In March 2022, City Council approved a contract amendment to add \$700,000 to the

total compensation amount. The current maximum compensation allowable under the contract is \$4,595,679 and the contract will expire in November 2022.

The repair work under this contract consists of repairing water mains, service laterals, hydrants, and other existing infrastructure, which includes furnishing and repairing all pipes, valves, fittings, and other appurtenances as necessary to complete repairs. The contractor will be required to respond to emergency repairs (main breaks, etc.) within two hours and to effect permanent repairs within a designated time frame. The contract will be used on an as-needed basis, and San José Water Company will be paid based on the actual labor, equipment, and material costs of the work completed as calculated based on the bid unit prices, up to the maximum contract amount.

ANALYSIS

The project was advertised for bid and a total of one bid was received and opened on Thursday, April 28, 2022 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 | -- | \$2,900,000.00 | -- | -- |
| San José Water Company | San José, CA | \$2,922,646.74 | \$22,646.74 | 0.78% |

The contract is for a three-year term (2022-2025). The contractor will be paid based on the quantity of work done and invoiced on the basis of time and materials under the contract's established bid unit prices. The contract has a maximum compensation of \$2,922,646.74, which will be funded from multiple years within the Water Utility Capital and Operating Budgets subject to the appropriation of funds within future budgets. Funding will be utilized from each of the budgets based on the actual needs for water utility repairs over the term of the contract, up to the contract's maximum compensation amount.

The three-year contract term will provide a definite period of service continuity to customers and a savings in administrative costs as compared to the administrative costs of annually soliciting and awarding a new contract.

Staff recommends that the City Council award the contract to the low bidder, San José Water Company, whose bid has been reviewed, analyzed, and found acceptable.

LOCAL/SMALL BUSINESS OUTREACH

Procurement staff used Biddingo to outreach to local and small business enterprises. Chapter 4.12 of the San José Municipal Code defines a "local business enterprise" as one with a

legitimate business presence in Santa Clara County and “small business enterprise” as a local business enterprise with 35 or fewer employees. Procurement staff sent bid invitations to 6368 vendors, and documents were downloaded by 10 vendors, approximately three of which were located within Santa Clara County and therefore local. The recommended contractor is a local but is not a small business enterprise.

CONCLUSION

Based on staff’s evaluation of the bid, staff recommends awarding the contract to the lowest and only bidder, San José Water Company.

EVALUATION AND FOLLOW-UP

The project is currently within budget and on schedule. No additional follow-up actions with the City Council are expected at this time.

CLIMATE SMART SAN JOSE

The recommendation in this memorandum has no effect on Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

To solicit contractors, this project’s complete bid package and project information was made available on *Biddingo*. This memorandum will be posted on the City’s Council Agenda website for the June 14, 2022 City Council meeting.

COORDINATION

This project has been coordinated with the City Manager’s Budget Office and the City Attorney’s Office.

COMMISSION RECOMMENDATION/INPUT

This item is scheduled to be heard at the June 9, 2022 Treatment Plant Advisory Committee meeting. A supplemental memorandum with the committee’s recommendation will be included in the amended June 14, 2022 City Council meeting agenda.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION: \$2,922,646.74
2. COST ELEMENTS OF AGREEMENT/CONTRACT:

| | |
|---------------------|----------------|
| Project Delivery | \$300,000 |
| Construction | \$2,922,646.74 |
| Total Project Costs | \$3,222,646.74 |
- TOTAL REMAINING PROJECT COSTS \$3,222,646.74
3. SOURCE OF FUNDING: 500 – Water Utility Capital Fund
515 – Water Utility Fund
570 – South Bay Water Recycling Operating Fund
4. FISCAL IMPACT: There are no cost implications to the General Fund as a result of this action.

BUDGET REFERENCE

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

| Fund # | Appn # | Appn Name | Total Appn | Estimated Amt. for Contract* | 2022-2023 Proposed Budget Page | Last Budget Action (Date, Ord. No.) |
|--|--------|--------------------------------|-----------------------|------------------------------|--------------------------------|-------------------------------------|
| Remaining Project Costs | | | \$2,922,646.74 | | | |
| Remaining Funding Available | | | | | | |
| 500 | 5366 | Infrastructure Replacements | \$840,000 | \$50,000 | Capital - 266 | TBD |
| 500 | 5876 | System Maintenance and Repairs | \$780,000 | \$700,000 | Capital - 266 | TBD |
| 515 | 0762 | Non-Personal / Equipment | \$43,725,791 | \$150,000 | Operating - 940 | TBD |
| 570 | 0762 | Non-Personal / Equipment | \$6,431,263 | \$100,000 | Operating - 932 | TBD |
| Total Current Funding Available | | | \$51,777,054 | \$1,000,000 | | |

* The total contract amount is \$2,922,646.74; however, the total cost of the project will be distributed among existing appropriations within the 2022-2023, 2023-2024, and 2024-2025 Capital and Operating Budgets. Funding is available within the 2022-23 Capital and Operating

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Budgets as shown above, with additional funding from future Budgets subject to the appropriation of funds.

CEQA

Exempt, File No. PP17-050, CEQA Guidelines Section 15301, Existing Facilities; Section 15302 Replace or Reconstruction.

/s/

KERRIE ROMANOW

Director, Environmental Services

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