



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Cano

**SUBJECT: 8719-CAST IRON SEWER
REPLACEMENT FY 2018-2019
PACKAGE I**

DATE: September 13, 2018

Approved

Date

9-13-18

COUNCIL DISTRICTS: 2 & 10

RECOMMENDATION

Report on bids and award of contract for the 8719-Cast Iron Sewer Replacement FY 2018-2019 Package I project to the low bidder, Pacific Underground Construction Inc., in the amount of \$1,190,510, and approve a contingency in the amount of \$119,051.

OUTCOME

Award of the construction contract to Pacific Underground Construction Inc. will enable the 8719-Cast Iron Sewer Replacement FY 2018-2019 Package I 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 City of San Jose Department of Public Works has developed a Cast Iron Pipe Replacement Program to address unlined cast iron sewer mains that have corroded significantly since their installation in the late 1950s. The Cast Iron Replacement FY 2018-2019 Package I project is a part of this program and will consist of the removal of existing corroded unlined cast iron pipe (CIP) and subsequent replacement with epoxy lined ductile iron pipe (DIP) and vitrified clay pipe (VCP) in Council Districts 2 and 10.

This project will remove approximately 2,900 linear feet of unlined 6-inch and 8-inch diameter CIP and replace with epoxy lined DIP and VCP. In addition, 18 sanitary sewer manholes will be removed and replaced, and three will be rehabilitated. This work will be completed using open trenching methods and is being undertaken to address maintenance issues and improve flow characteristics.

Construction is scheduled to begin in February 2019 with substantial completion in May 2019.

ANALYSIS

Bids for this project were opened on August 2, 2018 with the following results:

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
Pacific Underground Construction, Inc. (San José, CA)	\$1,190,510.00	(\$69,230.00)	(5.5%)
Casey Construction, Inc. (Emerald Hills, CA)	\$1,192,560.00	(\$67,180.00)	(5.3%)
Cratus Construction, Inc. (San Francisco, CA)	\$1,233,650.00	(\$26,090.00)	(2.1%)
Engineer's Estimate	\$1,259,740.00		
Rodan Builders, Inc. (Burlingame, CA)	\$1,388,970.00	\$129,230.00	10.3%
Kerex Engineering, Inc. (Pleasant Hill, CA)	\$1,390,870.00	\$131,130.00	10.4%
JMB Construction, Inc. (South San Francisco, CA)	\$1,437,180.00	\$177,440.00	14.1%

The low bid submitted by Pacific Underground Construction, Inc. included mathematical errors. Per Section 2-1.05, "Proposal Forms" of the City's Standard Specifications, "In the case of any discrepancy between the extended price for any bid item bid, the unit price multiplied by the number of units shall prevail. In the event of any discrepancy between the total contract amount and the sum of the extended prices of all items, the sum of the extended prices of all items shall prevail." The total corrected bid amount is reflected above, and does not affect the overall bid results.

The low bid submitted by Pacific Underground Construction, Inc. is 5.5% below the Engineer's Estimate. The low bid may be attributed to the competitive nature of the open excavation construction industry. This competitive nature is demonstrated by the relatively high number of bidders, six, and the less varied spread of all bids received.

Pacific Underground Construction, Inc. has worked on many City projects as a prime contractor. Pacific Underground Construction, Inc. is a local contractor with located within Santa Clara County, with more than 35 employees. Staff considers the low bid acceptable for the work involved in the project and recommends award of contract to Pacific Underground Construction, Inc.

City 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 within budget and on schedule with expected completion by May 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 Bidsync 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 September 25, 2018, City Council meeting.

Staff will mail project information flyers to affected residents after the award of the contract, and the contractor will distribute notices to residents 7 days and 48 hours prior to the start of construction in each area.

COORDINATION

This project and memorandum have been coordinated with the Department of Planning, Building and Code Enforcement, the Department of Transportation, the City's Attorney Office, and the City Manager's Budget Office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

FISCAL/POLICY ALIGNMENT

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.

COST SUMMARY/IMPLICATIONS**1. AMOUNT OF RECOMMENDATION/COST OF PROJECT: \$ 1,190,510**

Project Delivery	\$388,197 *
Construction	\$1,190,510
Contingency	\$119,051
Total Project Costs	<u>\$1,697,758</u>
Prior Year Expenditures	(\$83,887)

REMAINING PROJECT COSTS \$1,613,871

* Project delivery includes \$82,697 for Design Services and \$5,500 for Inspection, Survey and Materials Lab Services, Construction Management, and project closeout costs.

2. COST ELEMENTS OF CONTRACT:

Mobilization, Permits, and Traffic Control	\$67,600
Pipeline Installation and Repair	\$989,710
Manhole Construction	\$133,200
TOTAL AGREEMENT/CONTRACT AMOUNT	<u>\$1,190,510</u>

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 funds 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. #	Appn. Name	RC #	Total Appn.	Amt. for Contract	2018-2019 Proposed Capital Budget Page*	Last Budget Action (Date, Ord. No.)
545	7472	Cast Iron Pipe – Remove & Replace	192445	\$4,500,000	\$1,190,510	V-62	6/19/18, 30124

* The 2018-2019 Proposed Capital Budget was adopted on June 19, 2018.

HONORABLE MAYOR AND CITY COUNCIL

September 13, 2018

Subject: 8719-Cast Iron Sewer Replacement FY 2018-2019 Package I

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CEQA

Exempt, File No. PP17-0231, dated April 25, 2017.

/s/

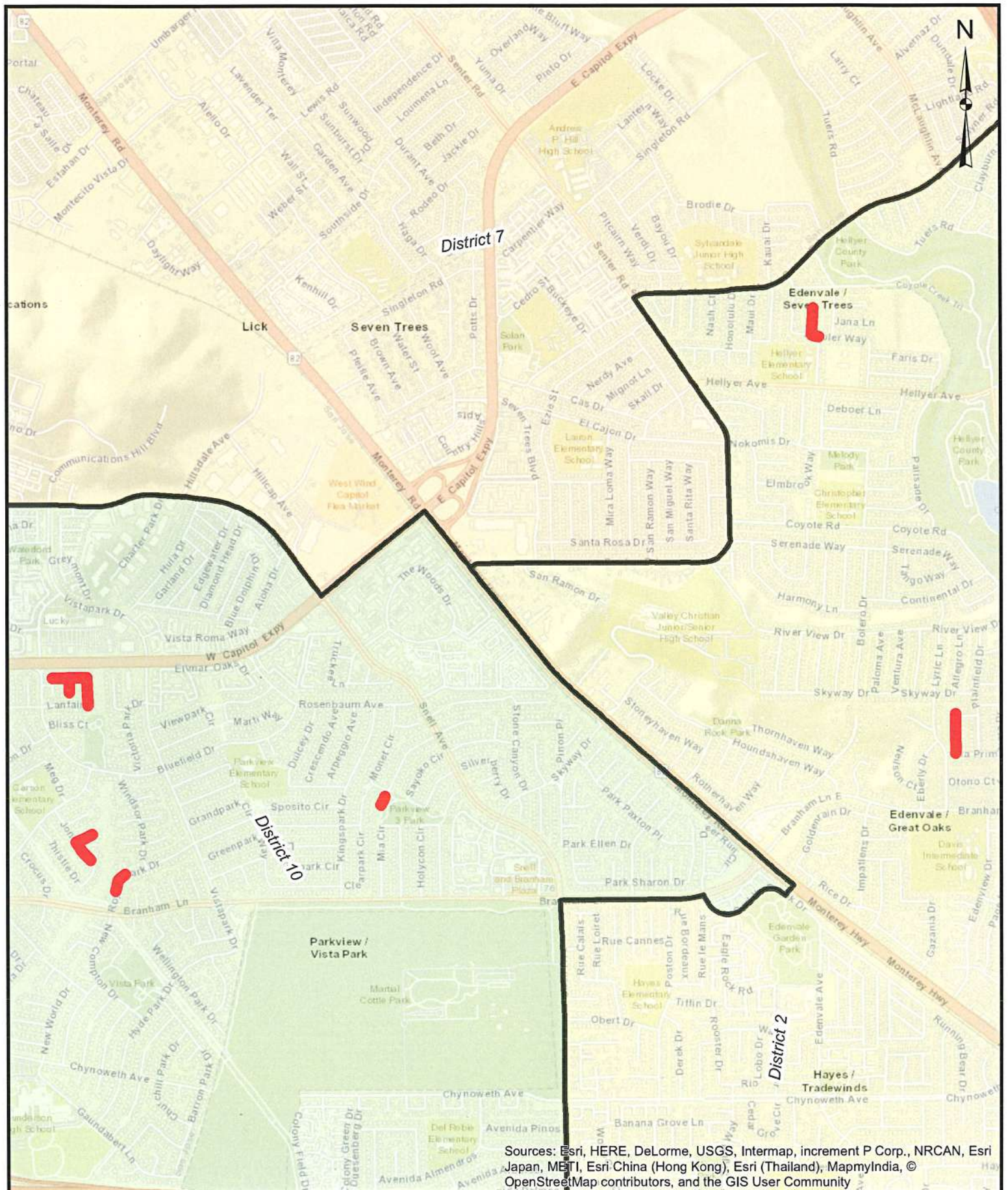
MATT CANO

Director of Public Works

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

Attachment: Location Map

8719 - Cast Iron Sewer Replacement FY 2018-2019 Package I Location Map



Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), MapmyIndia, © OpenStreetMap contributors, and the GIS User Community