



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Kerrie Romanow

**SUBJECT:** SEE BELOW

**DATE:** May 28, 2019

Approved

Date

6/6/19

**SUBJECT: CONSTRUCTION CONTRACT WITH SAN JOSE WATER COMPANY  
FOR 8687 – REPAIRS OF WATER SERVICES AND MAINS: 2017**

## **RECOMMENDATION**

Approve the First Amendment to the Construction Contract for the 8687 – Repairs of Water Services and Mains: 2017 project between the City of San Jose and San Jose Water Company to increase the amount of maximum compensation by \$1,200,000 for a total maximum contract amount of \$3,895,678, with no other changes to the contract.

## **OUTCOME**

The additional funding to the contract for the 8687 - Repairs of Water Services and Mains: 2017 project will enable the construction of required repairs to existing water mains and services, which will provide a reliable source of water to San José Municipal Water System (Muni Water) customers.

## **BACKGROUND**

The 8687 – Repairs of Water Services and Mains: 2017 contract was awarded by the City Council on November 14, 2017 to the lowest responsive and responsible bidder, San Jose Water Company, for the initial term of November 2017 to November 2020, in an amount not to exceed \$1,617,407. The contract allows for two one-year extension options for a total maximum contract amount of \$2,695,678 and contract term through November 2022 if both option years are exercised.

Under this contract, San Jose Water Company performs all water system repairs consisting of installing pipes, valves, fittings, and all appurtenances necessary to repair water distribution mains and services. San Jose Water Company is required to respond to emergency repairs (main

May 28, 2019

**Subject: Contract Change Order for Repairs of Water Services and Mains: 2017**

Page 2

breaks, etc.) within two hours of notice from the Muni Water and to effect permanent repairs within a designated time frame. The work is performed on an as-needed basis, and San Jose Water Company is 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. The contract includes several funding sources such as the Water Utility Capital Fund, Water Utility Fund, and San José – Santa Clara Treatment Operating Fund/South Bay Water Recycling Operating Fund to accommodate work initiated by Muni Water for unplanned repairs to water facilities.

### **ANALYSIS**

During 2018, Muni Water experienced more main and service leaks than in the prior few years. Over two years' worth of funding was expended during the first 16 months of the contract term; therefore, additional funding is needed to allow for as-needed repairs of water facilities during the remaining months of the initial contract term. Additional funding will be encumbered for the work during the remainder of the initial three-year term on an as-needed basis, up to the amount of the Council-approved change order.

This contract is used primarily to address repairs that are impacting water service, fire protection, and/or water loss, and which require 24/7 contractor response within a 2-hour window. For these scenarios, continuing with use of this contract is in the best interest of water utility customers. Staff commits to not pursuing additional change orders for non-emergency repairs, and instead will separately bid work or identify alternative contract delivery options.

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

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

### **PUBLIC OUTREACH**

This memorandum will be posted on the City's Council Agenda website for the June 18, 2019 Council Meeting.

### **COORDINATION**

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

**COMMISSION RECOMMENDATION/INPUT**

This contract change order does not require input from a board or commission. Prior to the original contract award, this item was heard at the November 9, 2017 Treatment Plant Advisory Committee (TPAC) meeting, due to the partial contract funding from the San José-Santa Clara Treatment Plant Operating Fund. A supplemental memo with the committee's recommendation was included in an amended November 14, 2017 City Council meeting agenda.

**COST SUMMARY/IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION: \$1,200,000
2. COST ELEMENTS OF AGREEMENT/CONTRACT:
 

Project Delivery

TOTAL AGREEMENT/CONTRACT AMOUNT \$3,895,678
3. SOURCE OF FUNDING: 500 – Water Utility Capital Fund
4. FISCAL IMPACT: Funds are included within the 2019-20 Proposed Water Utility Capital Budget; encumbrance of funds is contingent upon Council approval of the Budget.

**BUDGET REFERENCE**

The table below identifies the fund and appropriation intended to fund the costs recommended in this memorandum. Both appropriation totals are part of the recommended adjustment to the Water Utility Capital Fund's 2019-2020 Proposed Capital Budget, which is expected to be adopted by City Council on June 18, 2019.

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Contract*	2019-2020 Proposed Capital Budget Page	Last Budget Action (Date, Ord. No.)
500	5876	System Maintenance/Repairs	\$740,000	\$700,000	V-198	N/A
500	5366	Infrastructure Improvements	\$810,000	\$500,000	V-188	N/A

\*Additional funding will be encumbered to the contract from existing appropriations during the remainder of the initial three-year term on an as-needed basis up to the amount of the Council-approved change order, subject to the appropriation of funds.

HONORABLE MAYOR AND CITY COUNCIL

May 28, 2019

**Subject: Contract Change Order for Repairs of Water Services and Mains: 2017**

Page 4

**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.