



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Cano

SUBJECT: 9338 – CAST IRON SEWER
REPLACEMENT FY 2019-
2020 PACKAGE IV

DATE: May 4, 2020

Approved

Date

5/7/2020

COUNCIL DISTRICTS: 2, 8

RECOMMENDATION

Report on bids and award of contract for the 9338 – Cast Iron Sewer Replacement FY 2019-2020 Package IV project to the low bidder, Casey Construction, Inc., in the amount of \$1,665,708 and approval of the contingency in the amount of \$166,571.

OUTCOME

Award of the construction contract to Casey Construction, Inc. will enable the 9338 – Cast Iron Sewer Replacement FY 2019-2020 Package IV 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 Department of Public Works has developed a Cast Iron Pipe Replacement program to replace unlined cast iron sewer mains that have been corroded significantly since their installation in the late 1950s. The 9338 – Cast Iron Sewer Replacement FY 2019-2020 Package IV project is part of this program and consists of the removal of existing corroded unlined cast iron pipe (CIP) and subsequent replacement with epoxy lined ductile iron pipe (DIP).

This project will remove approximately 6,000 linear feet of 6-inch and 8-inch CIP sanitary sewer main and replace with epoxy lined DIP. Additionally, this project will install seventeen (17) new standard sanitary sewer manholes. This work will be completed using open trench method and is being undertaken to address maintenance issues and improve flow characteristics.

This project work occurs at various locations in Council Districts 2 and 8 (see attached maps). The project is scheduled to begin in July 2020 with substantial completion by November 2020.

ANALYSIS

Bids for this project were opened on March 5, 2020 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>
Casey Construction, Inc.	Emerald Hills, CA	\$1,665,708	(\$230,847)	(12.2%)
Subterra Construction, Inc.	San Francisco, CA	1,675,842	(220,713)	(11.6%)
Ranger Pipelines, Inc.	San Francisco, CA	1,687,525	(209,030)	(11.0%)
Engineer's Estimate	--	1,896,555	--	--
KJ Woods Construction, Inc.	San Francisco, CA	1,948,000	51,445	2.7%
Cratus, Inc.	San Francisco, CA	1,966,240	69,685	3.7%
Pacific Underground Construction, Inc.	San Jose, CA	2,156,730	260,175	13.7%

There was a total of six bids submitted that varied from twelve percent under to fourteen percent over the Engineer's Estimate. The low bid submitted by Casey Construction, Inc. is twelve percent below the Engineer's Estimate. The favorable bid prices may be attributed to more competition in the industry for this project. Casey Construction, Inc. has successfully completed projects with the City in the past. Staff considers the low bid submitted for this project to be acceptable for the work involved and recommends award of contract to Casey Construction, Inc.

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.

Project Labor Agreement Applicability

A project labor agreement (PLA) is not applicable to this project as the engineer's estimate is under three million dollars.

Local and Small Business Outreach

The recommended contractor did not meet the requirements for local and small business. To facilitate more local and small business participation, the following work was separated into its own line items as part of the bid: street clean-up, traffic control, and cleaning and inspection of sanitary sewer laterals. This makes it simpler for smaller subcontractors to bid on parts of this project.

CONCLUSION

In summary, this memorandum reported bids for project 9338 – Cast Iron Sewer Replacement FY 2019-2020 Package IV and is recommending the award of contract to the low bidder Casey Construction, Inc. in the amount of \$1,665,708 and approval of the contingency in the amount of \$166,571. Construction is scheduled to begin in July 2020 with substantial completion by November 2020.

EVALUATION AND FOLLOW-UP

The project is currently within budget and on schedule with expected substantial completion by November 2020. No additional follow up action with the Council is expected at this time.

CLIMATE SMART SAN JOSE

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

PUBLIC OUTREACH

To solicit contractors, this project was listed on Biddingo (<http://www.biddingo.com>). 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 May 19, 2020, City Council agenda.

COORDINATION

This memorandum had been coordinated with the Department of Planning, Building, and Code Enforcement, the City Manager’s Budget Office, and the City Attorney’s 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 Economic Recovery section in that it will spur construction spending in our local economy.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

Project Delivery	\$701,000
Construction	\$1,665,708
Contingency	<u>\$166,571</u>
TOTAL PROJECT COSTS	\$2,533,279
Total Available Funding	\$12,800,000

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

	TOTAL
Mobilization and Traffic Control	\$130,900
Pipeline Installation	\$1,497,008
Manhole Construction	<u>\$37,800</u>
TOTAL AGREEMENT/CONTRACT AMOUNT	\$1,665,708

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

4. FISCAL IMPACT: The proposed operating and maintenance costs of this project have been reviewed and it has been determined that the project will have no significant operating impacts.

BUDGET REFERENCE

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

Fund #	Appn #	Appn Name	Current Total Appn	Amt for Contract	2019-2020 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
545	4272	Immediate Replacement and Diversion	\$6,500,000	\$1,000,000	V-54	10/22/2019 Ord. No. 30325
545	7472	Cast Iron Pipe Remove and Replace	\$6,300,000	\$665,708	V-52	10/22/2019 Ord. No. 30325

CEQA

Categorically Exempt, File No. PP17-031, CEQA Guidelines Section 15301, Existing Facilities.

/s/
MATT CANO
Director of Public Works

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

Attachment:

Location Map
CEQA PP17-031

STATEMENT OF EXEMPTION

FILE NO.	PP17-031
LOCATION OF PROPERTY	Citywide
PROJECT DESCRIPTION	Public Project Exemption for projects involving the removal and replacement of existing sanitary sewer pipelines ranging from approximately 4- to 30-inch diameter and associated facilities (e.g. manholes) located in the public-right-of-way and is completely within the City of San Jose. These projects may result in replacing the existing sewer pipeline with a different material than the original, but will not increase the size of the sewer pipelines and will not result in expansion of capacity. New associated facilities, such as manholes, may be installed as part of the replacement work. The purpose of this work is to rehabilitate, maintain and ensure efficiency and safety of the existing utility service system. This exemption is only valid for projects that are within the scope of work as described.

Expiration date: April 20, 2022

CERTIFICATION

Under the provisions of Sections 15301(b) and 15302(c) of the State Guidelines for Implementation of the California Environmental Quality Act (CEQA) as stated below, this project is found to be exempt from the environmental review requirements of Title 21 of the San José Municipal Code, implementing the California Environmental Quality Act of 1970, as amended.

15301. EXISTING FACILITIES

Class 1 consists of operation, repair, maintenance, permitting, leasing, licensing, or minor alternation of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. The types of "existing facilities" itemized below are not intended to be all-inclusive of the types of projects which might fall within Class 1. The key consideration is whether the project involves negligible or no expansion of an existing use. Examples include but are not limited to:

- (b) Existing facilities of both investor and publicly owned utilities used to provide electric power, natural gas, sewerage, or other public utility services

ANALYSIS

Public Project Exemption for projects involving the removal and replacement of existing sanitary sewer pipelines ranging from approximately 4- to 30-inch diameter and associated facilities (e.g. manholes) located within the City of San Jose. These projects may result in replacing the existing sewer pipeline with a different material than the original, but will not increase the size of the sewer pipelines and will not result in expansion of capacity. New associated facilities, such as manholes, may be installed as part of the replacement work. The purpose of this work is to rehabilitate, maintain and ensure efficiency and safety of the existing utility service system.

All segments of sewer mains to be removed and replaced are located within the City boundary and are located within the right-of-way. The work proposed would be within existing disturbed areas and the project would not expand the capacity or length of the existing sanitary sewer segments. Therefore, the project will not result in substantial adverse impact to sensitive biological resources and will not adversely affect creeks or riparian corridor areas. In addition, any tree that is not a Heritage tree that must be removed as a result of the project shall be removed and replaced in accordance to the Department of Transportation regulations.

This exemption is only valid for projects that are within the scope of work described. This exemption will not be useable for any segments that have significant impacts to scenic highways, historical resources, or in areas that are included on any list compiled pursuant of Section 65962.5 of the Government Code. Removal and replacement of sewer mains that could potentially affect unpaved riparian areas would need additional environmental analysis.

As the project consists of inspection and replacement of existing utilities facilities or structures, the project, will not involve expansion of the existing use and will only repair existing public infrastructures. Therefore, the project is exempt to CEQA Guideline Section 15301(b) and 15302(c). Projects that are not within the scope of work, as mentioned and analyzed in this exemption, will require separate environmental review and determination. This exemption is valid until April 20, 2022.

Exceptions:

CEQA Guidelines Section 15300.2 provides exceptions to the use of a Categorical Exemptions where the use of a Categorical Exemption is prohibited under certain circumstances. The City evaluated the propose project applicability to all of the exceptions under Section 15300.2. An analysis of each of these exceptions in reference to this proposed project is provided below.

- (a) Location. Class 3, 4, 5, 6, and 11 are qualified by consideration of where the project is to be located. Section 15300.2(a) stated that a project that is ordinarily insignificant in its impact on the environment may, in a particularly sensitive environment, be significant. Section 15300.2(a) does not apply to the Class Category 1 and 2 of exemptions as the project will not occur in a sensitive area.
- (b) Cumulative Impact. Based on the above analysis, there is no evidence of a potential significant cumulative impact on the environment from the proposed project. The project proposes replacement of existing sewer mains throughout the city. It has been determined that the project will not

cumulatively impact traffic, noise, air quality, or water quality.

- (c) Significant Effect. The proposed project site does not have any unusual circumstances that would negatively impact the environment, thus, the project would not result in any significant environmental effects.
- (d) Scenic Highways. It is not anticipated that the specific project sites will results in damage to any scenic resources. If one does, it is subject to 15300.2(d) and may not utilize this categorical exemption.
- (e) Hazardous Waste Sites. It is not anticipated that the specific project sites will be implemented in area that is included on any list compiled pursuant to Section 65962.5 of the Government Code. If one does, it is subject to 15300.2(e) and may not utilize this categorical exemption.
- (f) Historical Resources. It is not anticipated that the specific project sites will results in damage to any historic resources. If one does, it is subject to 15300.2(f) and may not utilize this categorical exemption

HARRY FREITAS, Director
Planning, Building and Code Enforcement

Date 4/25/17


Deputy

Environmental Manager: Thai-Chau Le

Expiration Date: April 20, 2022