TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER       DEPARTMENT: UTILITIES
DATE: FEBRUARY 5, 2007                          CMR:134:07

SUBJECT: APPROVAL OF A UTILITY ENTERPRISE FUND CONTRACT WITH JMB CONSTRUCTION, INC. IN THE AMOUNT OF $2,023,761 FOR WATER MAIN REPLACEMENT PROJECT 20, CIP WS-06002

RECOMMENDATION

Staff recommends that Council:

1. Approve and authorize the Mayor to execute the attached contract with JMB Construction, Inc. in the amount of $2,023,761 for Water Main Replacement Project 20, Capital Improvement Project WS-06002.

2. Authorize the City Manager or his designee to negotiate and execute one or more change orders to the contract with JMB Construction, Inc. for related, additional but unforeseen work which may develop during the project, the total value of which shall not exceed $202,376.

DISCUSSION

Project Description

The work to be performed under the contract is for Water Main Replacement Project 20, (WMR 20) which involves the installation of approximately three miles of water mains and services (see project location maps on Attachment B). The project maintains a 26-year replacement program for the cast iron portion of the City’s water distribution system and other failing mains.

As the City’s water distribution system ages, it becomes necessary to replace existing water mains. These mains, typically cast iron pipes, begin to show signs of extensive corrosion, or become subject to recurring breaks. Another problem with very old water systems such as Palo
Alto’s is that mains are inadequate in size to supply the required flows and pressure for fire protection. This project will replace mains that have been identified by staff as subject to breakage and will increase fire protection flows in the areas being upgraded. Replacement of these mains will save the City operation and maintenance costs, as well as increase system reliability.

**Summary of Bid Process**

<table>
<thead>
<tr>
<th>Bid Name/Number</th>
<th>Water Main Replacement Project 20, WS-06002, IFB Number 120189</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Length of Project</td>
<td>180 calendar days</td>
</tr>
<tr>
<td>Number of Bids Mailed to Contractors</td>
<td>16</td>
</tr>
<tr>
<td>Number of Bids Mailed to Builder’s Exchanges</td>
<td>11</td>
</tr>
<tr>
<td>Total Days to Respond to Bid</td>
<td>21</td>
</tr>
<tr>
<td>Pre-Bid Meeting?</td>
<td>Yes</td>
</tr>
<tr>
<td>Number of Company Attendees at Pre-Bid Meeting</td>
<td>6</td>
</tr>
<tr>
<td>Number of Bids Received:</td>
<td>6</td>
</tr>
<tr>
<td>Bid Price Range</td>
<td>From a low of $2,023,761 to a high of $2,786,675</td>
</tr>
</tbody>
</table>

*Bid summary provided in Attachment C.*

Staff has reviewed all bids submitted and recommends that the bid of $2,023,761 submitted by JMB Construction, Inc. be accepted and that JMB Construction, Inc. be declared the lowest responsible bidder. The bid is 9 percent above the engineer's estimate of $1,862,095. The change order amount of $202,376, which equals 10 percent of the total contract, is requested for additional unforeseen work that may develop during the project.

Staff confirmed with the Contractor's State License Board that the contractor has an active license on file. Staff checked references supplied by the contractor for previous work performed and found no significant complaints.

**PROJECT COORDINATION**

The work was coordinated with the Public Works Department by meeting independently with Public Works’ project managers whose projects may have an impact on the project directly and at the monthly interdepartment coordination meetings. During those coordination meetings, staff is aggressively targeting areas to more closely plan and coordinate underground infrastructure capital improvements into future street maintenance phases. The targeted areas will be resurfaced next year after the utility construction work is completed to prevent trenching in newly repaved streets.
RESOURCE IMPACT

Funds for this project are included in the FY 2006-07 Utilities Department Water Capital Improvement Program (CIP) budget under WS-06002.

The quantity of mains and services installed under this contract are beyond the City’s existing personnel and equipment capacities. This project includes $270,000 funding transfers to the General Fund for Trench Impact Fees. Funds for Trench Impact Fees for this project are included in the FY 2006-07 Utilities Department Budget.

POLICY IMPLICATIONS

The approval of this contract is consistent with existing City policies. This recommendation is consistent with the Council-approved Utilities’ Strategic Plan, especially supporting Key Strategy No. 1: “Operate distribution system in a cost effective manner,” Objective No. 1: “Enhance customer satisfaction by delivering valued products and services,” and Objective No. 2: “Invest in utility infrastructure to deliver reliable service.”

ENVIRONMENTAL REVIEW

This project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guideline Sections 15301(b) repair, maintenance of existing facilities and 15302(c) replacement or reconstruction of existing facilities.

ATTACHMENTS
A: Contract
B: Project Location Maps
C: Bid Summary
D: Certificate of Non-Discrimination