TO:       HONORABLE CITY COUNCIL
FROM:     CITY MANAGER       DEPARTMENT: UTILITIES
DATE:     JUNE 21, 2004                  CMR:321:04

SUBJECT: APPROVAL OF A CONTRACT WITH SHAW PIPELINE, INC. IN THE AMOUNT OF $1,891,450 FOR WATER MAIN REPLACEMENT PROJECT 17, CAPITAL IMPROVEMENT PROJECT WS-03004

RECOMMENDATION

Staff recommends that Council:

1. Approve and authorize the Mayor to execute the attached contract with Shaw Pipeline, Inc. in the amount of $1,891,450 for Water Main Replacement Project 17, Capital Improvement Project WS-03004.

2. Authorize the City Manager or his designee to negotiate and execute one or more change orders to the contract with Shaw Pipeline, Inc. for related, additional but unforeseen work which may develop during the project, the total value of which shall not exceed $189,145.

DISCUSSION

Project Description
The work to be performed under the contract is for Water Main Replacement Project 17, (WMR 17) which involves the installation of approximately three miles of water mains and services (see project location maps Attachment B). The project maintains a 26-year replacement program for the cast iron portion of the City’s water distribution system.
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 the one in Palo Alto, 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 17, CIP (WS-03004; SO# 40000128), IFB Number 106377</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>19</td>
</tr>
<tr>
<td>Number of Bids Mailed to Builder’s Exchanges</td>
<td>8</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>3</td>
</tr>
<tr>
<td>Number of Bids Received:</td>
<td>4</td>
</tr>
<tr>
<td>Bid Price Range</td>
<td>From a low of $1,891,450 to a high of $2,507,284</td>
</tr>
</tbody>
</table>

*Bid summary provided in Attachment C.*

Staff has reviewed all bids submitted and recommends that the bid of $1,891,450 submitted by Shaw Pipeline, Inc. be accepted and that Shaw Pipeline, Inc. be declared the lowest responsible bidder. The bid is 2 percent below the engineer’s estimate of $1,931,798. The change order amount of $189,145, which equals 10 percent of the total contract is requested for related unforeseen work which 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.

Utilities and Public Works coordinated work plans during the project design to avoid impacting the Street Resurfacing Program.

**RESOURCE IMPACT**
Funds for this project are included in the Utilities Department Water Capital Improvement Program (CIP) budget. This project includes funding transfers of $154,000 to the General Fund for street cut fees. Funding for the project street cut fee transfer is included in the FY 2003/04 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 delivery 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 provisions of the California Environmental Quality Act and no further environmental review is necessary.

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

PREPARED BY:  Bill Chan, An Le, Jim Flanigan, Romel Antonio, Roger Cwiak, and Scott Bradshaw

DEPARTMENT HEAD:  __________________________________________
JOHN ULRICH
Director of Utilities

CITY MANAGER APPROVAL:  _______________________________________
EMILY HARRISON
Assistant City Manager