TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER                       DEPARTMENT: UTILITIES
DATE: JANUARY 10, 2005                           CMR:106:05

SUBJECT: APPROVAL OF A CONTRACT WITH CASEY CONSTRUCTION IN THE AMOUNT OF $405,500 FOR FISCAL YEAR 2004/05, $535,000 FOR FISCAL YEAR 2005/06, AND $537,000 FOR FISCAL YEAR 2006/07 FOR WATER AND WASTEWATER OPERATIONS SERVICES (CONTRACT C05106016A)

RECOMMENDATION

Staff recommends that Council:

1. Approve and authorize the City Manager to execute the attached contract with Casey Construction in the amount of $405,500 (FY 2004/2005) for water and wastewater construction services.

2. Authorize the City Manager or his designee to negotiate and execute one or more change orders to the contract with Casey Construction for related, additional but unforeseen work which may develop during the project, the total value of which shall not exceed $40,000 (FY 2004/05), $53,000 (FY 2005/06), and $53,000 (FY2006/07).

3. Authorize the City Manager or his designee to exercise the option to renew the contract for FY 2005/06 for ($535,000) and for FY 2006/07 for ($537,000), provided that the funds are appropriated in the budget for subsequent fiscal years, the contractor is responsive to the City's needs, and the quality of the contractor's work/product is acceptable during each year of the contract (and/or other conditions which will determine the City's willingness to renew the contract).
DISCUSSION

Project Description
The work to be performed under the contract is for emergency and/or critical rehabilitation of various components of the City of Palo Alto's water and wastewater system. The water work includes installing or replacing water services, fire hydrant assemblies, mainlines, gate valves, blow-off assemblies, air release assemblies, and line stops. The wastewater work includes installing or replacing manholes, laterals, cleanouts, and mainlines. The contract will be for three years, subject to Council approval of the budget for the work each fiscal year and satisfactory contractor performance.

Description of Bid Process
The bid process used to solicit bids for this proposed three-year contract is slightly different than the City’s usual bid procedure for invitations for bids (IFB). Due to the uncertainty of the quantities of emergency work the contractor may be asked to perform under this contract, the bid item quantities were increased to include the maximum quantity of that bid item work that may occur as part of the contract within any given fiscal year. The bidders were informed that the maximum amount of all bid items would not be used in any of the fiscal years because of the City’s limited budget. Bidders were informed that the City's proposed total budget for each of the fiscal years was $405,500 (FY 2004/05), $535,000 (FY 2005/06), and $537,000 (FY2006/07). The bidders were also informed in the IFB that the total contract for all three fiscal years may reach $1,477,500 and that the second and third years of the contract would be subject to Council approval of the contract budget in fiscal years 2005/06 and 2006/07.

The grand total bid is comprised of a base bid for each fiscal year 2004/05, 2005/06, and 2006/07 bid items. The bid for each year consists of 36 bid items. The quantity assigned to each bid item in the base bid reflects the estimated maximum quantity of that bid item which could be constructed in any one fiscal year. Since this project is for critical or other as-needed repair work, not all bid item quantities will be used in each fiscal year. Therefore, the total bid price of all the bid items exceeds the planned budget for each fiscal year (see Attachment B). The 3-year grand total bid amount was identified in the IFB as the dollar amount the City would use to determine the lowest responsible bidder.

This work is being performed by contract because the project resource requirements are beyond the City’s personnel and equipment capacity.
Summary of Bid Process

<table>
<thead>
<tr>
<th>Bid Name/Number</th>
<th>Water and Wastewater Operations Services-Part 2/ IFB 106016A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Length of Project</td>
<td>36 months</td>
</tr>
<tr>
<td>Number of Bids Mailed to Contractors</td>
<td>18</td>
</tr>
<tr>
<td>Number of Bids Mailed to Builder’s Exchanges</td>
<td>10</td>
</tr>
<tr>
<td>Total Days to Respond to Bid</td>
<td>43</td>
</tr>
<tr>
<td>Pre-Bid Meeting?</td>
<td>Yes (Non-Mandatory)</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>3*</td>
</tr>
<tr>
<td>Bid Price Range</td>
<td>$4,152,554 to $4,405,911</td>
</tr>
</tbody>
</table>

*Bid summary provided in Attachment B.

A notice inviting formal bids for Water and Wastewater Operations Services project was sent on October 5, 2004 to 10 builders’ exchanges and 18 contractors. The bidding period was for 43 calendar days. A non-mandatory pre-bid meeting was held on November 4, 2004; three companies attended the meeting. Bids were received from three qualified contractors on November 16, 2004, as listed on the attached bid summary (Attachment B). Bids range from $4,152,554 to a high of $4,405,911. Contractors not responding indicated that they did not submit a bid because they were too busy or too far away.

Staff has reviewed all bids submitted and recommends that the bid of $4,152,554 submitted by Casey Construction be accepted to establish unit bid item prices and that Casey Construction be declared the lowest responsible bidder for each of the three contract fiscal years in the amounts of $405,500 (FY 2004/05), $535,000 (FY 2005/06), and $537,000 (FY 2006/07). The bid is 1% above the staff/engineer’s estimate of $4,100,000. Change order amounts of $40,000 (FY 2004/05), $53,500 (FY 2005/06), and $53,000 (FY 2006/07), which equal 10% per year, are requested.

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.

**RESOURCE IMPACT**

The bid included pricing for a thirty-six month (3-year) agreement. Funds for the first year of this project are included in the FY2004/05 Water System Improvements (WS-80014) and
Wastewater Collection System Improvements (WC-99013) programs. Funding will be requested for the second and third years of the project in FY 2005/06 and FY 2006/07 in the same WBS elements.

POLICY IMPLICATIONS
The approval of this contract is consistent with existing policies. This recommendation is consistent with the Council-approved Utilities’ Strategic Plan, especially Supporting Objective No. 2 – “Invest in utility infrastructure to deliver reliable service.” and Key Strategy No. 1; Operating the distribution system in a cost effective manner.”

ENVIRONMENTAL REVIEW
The recommended action does not constitute a project under the California Environmental Quality Act. This project constitutes a Class 1 exemption as defined in Section 15301 of CEQA. Class 1 consists of the operation, repair, maintenance, and minor alteration of existing facilities of public-owned utilities used to provide electric power, natural gas, sewerage, or other public utility services.

PROJECT REVIEW
1. This project was initially budgeted in FY 2004/2005.
2. This project does not contain any elements requiring review by boards or commissions.

ATTACHMENTS
A: Contract
B: Bid Summary

PREPARED BY:
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