AWARD OF CONTRACT CMR (BID)

TO:       HONORABLE CITY COUNCIL
FROM:     CITY MANAGER          DEPARTMENT: UTILITIES
DATE:     JUNE 5, 2006        CMR:241:06
SUBJECT:  APPROVAL OF A UTILITIES ENTERPRISE FUND CONTRACT WITH
           D’ARCY & HARTY CONSTRUCTION, INC. IN THE AMOUNT OF
           $6,854,652 FOR WASTEWATER COLLECTION SYSTEM
           REHABILITATION AND AUGMENTATION CAPITAL IMPROVEMENT
           PROGRAM WC-03003 AND WC-05003 PROJECT 18

RECOMMENDATION

1. Staff recommends that Council reject the bid of K. J. Woods Construction as non-responsive
   because of failure to meet minimum qualification, and approve, and authorize the City Manager
to execute, the attached contract with the lowest responsive and responsible bidder, D’Arcy &
Harty Construction, Inc. (Attachment A), in a not to exceed amount of $6,854,652 for
Wastewater Collection System Rehabilitation & Augmentation Capital Improvement Program
WC-03003 and WC-05003 Project 18 (WWC Project 18).

2. Staff also recommends that Council approve and authorize the City Manager or his designee
to negotiate and execute one or more change orders to the contract with D’Arcy & Harty
Construction, Inc. for related, additional but unforeseen work which may develop during the
project, the total value of which shall not exceed $685,465.

DISCUSSION

Project Description
The work to be performed under the WWC Project 18 contract is for replacement/rehabilitation
of approximately 32,000 linear feet of sewer mains of various sizes, 83 manholes, and 650 sewer
service laterals.

Wastewater Operations reported various problems in the project area, including increased
maintenance due to plugged lines and pipe access problems. These observations were confirmed
by subsequent video inspection. Problems identified in the videos that contributed to the line
blockages are breaks, missing sections of pipe, sags and roots in the main lines. Additionally,
the scope includes the replacement of sewer mains in the South of Forest Area (SOFA) prior to
Public Works Engineering’s re-surfacing the SOFA area. Water main replacement work will
also be performed in the SOFA area. The wastewater and water main work specified in WWC Project 18 will provide a new, structurally sound, leak-free sanitary sewer piping system with improved carrying capacity and improve fire flows in the water system. The project improvements will also reduce current and future maintenance on the sanitary mains and service laterals. The meter station work at the Regional Water Quality Control Plant will improve metering controls at the plant.

**Summary of Bid Process**

<table>
<thead>
<tr>
<th>Bid Name/Number</th>
<th>Name/Number of Bid here</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Length of Project</td>
<td>330 Calendar Days</td>
</tr>
<tr>
<td>Number of Bids Mailed to Contractors</td>
<td>5</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>2</td>
</tr>
<tr>
<td>Number of Bids Received:</td>
<td>2*</td>
</tr>
<tr>
<td>Bid Price Range</td>
<td>From a low of $6,567,186 to a high of $6,854,652</td>
</tr>
</tbody>
</table>

*Bid summary provided in Attachment B.

Staff has reviewed both bids submitted and concluded that the apparent low bid submitted by K. J. Woods Construction is non-responsive. K. J. Woods Construction’s subcontractor did not meet the minimum contract experience/qualification requirements. The contract documents required the bidders to have large diameter pipe-bursting experience (combined experience totaling of 5,000+ feet of 24 inch diameter or larger pipe as required by IFB #116460 Section 2735 Paragraph 1.01.02.01). The experience specified in the WWC Project 18 bid package is crucial to ensure the City hires a qualified contractor/subcontractor to perform the project work. The large diameter pipe bursting work occurs on a major street in a busy business district on this project (Embarcadero Road at E. Bayshore Road). Large-pipe bursting uses different equipment and requires different expertise than the more common small-pipe bursting. In preparing the specifications, Staff concluded that successful installation of at least 5,000 LF of large diameter pipe bursting is the minimum amount to demonstrate the contractor’s ability to successfully perform this type of large diameter pipe bursting operation over several projects. K.J. Woods specified 250 feet of pipe-bursting experience with pipes of 24 inches or more, plus an indeterminate amount of additional experience with large pipes as part of a job with pipe-bursting ranging from 18 inches to 24 inches.
A letter was sent to K. J. Woods Construction on May 11, 2006 informing them that its bid was non-responsive, and that staff was recommending Council reject this non-responsive bid and award the WWC Project 18 contract to the lowest responsive and responsible bidder.

Staff recommends that the lowest responsive bid of $6,854,652 submitted by D’Arcy & Harty Construction Incorporated be accepted and that D’Arcy & Harty Construction Incorporated be declared the lowest responsible bidder because D’Arcy & Harty Construction meets all experience/qualification requirements. The bid is 12 percent above the staff/engineer's estimate of $6,100,000. The change order amount of $685,465, which equals 10 percent of the total contract, is requested for additional but 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. Staff polled the contractors that received bid packages and determined that these contractors did not bid the project because they were too busy.

WWC Project 18 contains the scope of work from two projects (WWC Projects 16 and 18). WWC Project 16 was bid three times last year and was not awarded due to contractors bidding without the required experience or the prices bid were too high and not within the budgeted project funding. Staff combined the two projects, lowered the experience requirements to attract more contractors and advertised the combined projects as Sanitary Sewer Rehabilitation CIP Project 18 WC-03003 and WC-05003. This is the fourth bid received for the work included under Project 16.

**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 quarterly department coordination meetings. During these coordination meetings, staff is aggressively targeting areas such as SOFA to more closely plan and coordinate underground infrastructure into future street maintenance phases. The targeted SOFA will be resurfaced next year after utility work is completed to prevent trenching in newly repaved streets. In addition, staff has also incorporated other City department projects into this contract, including a storm sewer replacement on Guinda Street for Public Works, a water main replacement on Homer Ave for Water Section, and a flow meter and vault replacement for Regional Water Quality Control Plant. This combined project was formed to reduce City administrative contracting costs and to minimize the project disruption impacts on City customers.

**RESOURCE IMPACT**

Funds for this project are available in the Public Works, Wastewater Collection, Wastewater Treatment, and Water Funds Capital Improvement Program budgets.
POLICY IMPLICATIONS
This recommendation is consistent with the Council approved Utilities Strategic Plan Key Strategy #2, “invest in utility infrastructure to deliver reliable service.”

ENVIRONMENTAL REVIEW
This project is categorically exempt from 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: Bid Summary
C: Certificate of Non-Discrimination

PREPARED BY:
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Edward Wu, Senior Project Engineer
Roger Cwiak, Engineering Manager

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CITY MANAGER APPROVAL:
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Assistant City Manager