TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: UTILITIES

DATE: JULY 10, 2006

SUBJECT: APPROVAL OF A UTILITIES ENTERPRISE FUND CONTRACT WITH WEST VALLEY CONSTRUCTION COMPANY, INC. IN THE AMOUNT OF $1,771,481 FOR GAS MAIN REPLACEMENT CAPITAL IMPROVEMENT PROJECT 15, GS-05002

RECOMMENDATION

Staff recommends that Council approve and authorize the City Manager to execute the attached contract with West Valley Construction Company, Inc. (Attachment A) in the amount of $1,771,481 for the Capital Improvement Gas Main Replacement Project 15, GS-05002.

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 West Valley Construction Company, Inc. for related additional, but unforeseen work, which may develop during the project, the total value of which shall not exceed $177,148.

DISCUSSION

Project Description

The work to be performed under the contract is for installation of approximately 11,840 linear feet of new polyethylene (PE) gas main, 155 new customer services, and service stubs to reconnect 34 existing customer PE services (project locations are shown in Attachment C).

Replacing the gas distribution system with PE pipe will eliminate leaks in the project areas and reduce loads on the existing cathodic protection system, thereby extending its useful life. Larger size mains will increase distribution system reliability.

The project targets acrylonitrile-butadiene-styrene (ABS) mains that have caused additional maintenance problems and expense due to their brittle pipe walls and non-circular shape. Over time these mains have developed an elliptical shape with brittle sidewalls. Repairs to these oddly shaped mains is time consuming and difficult. Accelerated replacement of ABS mains and service replacements need to remain on the City’s planned CIP schedule. ABS material failures will continue to contribute to increasing gas maintenance expenses associated with gas leaks and expose the City to potential liability until all ABS materials are removed from the gas distribution system.
distribution system. The 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>Gas Main Replacement Project 15, CIP GS-05002, IFB Number 116894</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Length of Project</td>
<td>100 calendar days</td>
</tr>
<tr>
<td>Number of Bids Mailed to Contractors</td>
<td>10</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>7</td>
</tr>
<tr>
<td>Number of Bids Received:</td>
<td>4</td>
</tr>
<tr>
<td>Bid Price Range</td>
<td>From a low of $1,771,481.00 to a high of $2,541,025.00</td>
</tr>
</tbody>
</table>

*Bid summary provided in Attachment B.

Staff has reviewed all bids submitted and recommends that the bid of $1,771,481 submitted by West Valley Construction Company, Inc. be accepted and that West Valley Construction Company, Inc. be declared the lowest responsible bidder. The bid is 0.1 percent below the staff/engineer's estimate of $1,772,934. The change order amount of $177,148 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 at the monthly Utilities/Public Works department coordination meetings by use of the GIS project coordination program. Additionally, the gas main crossing Alma from West Charleston to East Charleston under the railroad right-of-way has been coordinated with the Charleston/Arastradero Corridor Trial project currently under way with Transportation and Public Works. Because the fast track schedule for the Charleston/Arastradero Corridor Trial requires that the resurfacing and restriping occur in this area before the start of the school year, some of the gas main work may take place after the trial is in place. This will be communicated to the school, neighborhoods and other affected project stakeholders and every effort will be made to minimize any inconvenience this may cause. The fast track schedule has also caused some previously coordinated work on a water utility project to be out of sync with this project at the intersection of Park Boulevard and West Charleston Road. The water main in this intersection will not be replaced until after the project is bid in November 2006.
RESOURCE IMPACT
Funds for this capital project are included in the FY 2005/06 Gas Fund as Project GS-05002. The quantity of mains and services installed under this contract are beyond the City’s existing personnel and equipment capacities. This project includes funding transfers of $72,210 to the General Fund for Trench Impact Fees. Funds for Trench Impact Fees for this project are included in the FY 2005/06 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 Key Strategy No. 1, “Operate distribution system in a cost effective manner,” Strategy No. 7, “Implement programs that improve the quality of the environment” and Objective No. 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 Guidelines Sections 15301 (b) repair, maintenance of existing facilities and 15302 (c) replacement or reconstruction of existing facilities.

ATTACHMENTS
A: Contract  
B: Bid Summary  
C: Project Map

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