TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DATE: AUGUST 8, 2005

DEPARTMENT: UTILITIES

CMR:315:05

SUBJECT: APPROVAL OF A UTILITIES FUND CONTRACT WITH CAN-AM COMMUNICATION, INC. IN THE AMOUNT OF $1,106,204 FOR INSTALLATION OF THE UTILITY TRENCH AND SUBSTRUCTURE, AND APPROVAL OF THE SPECIFIC AGREEMENT FOR JOINT PARTICIPATION INSTALLATION OF UNDERGROUND FACILITIES SYSTEM BETWEEN CITY OF PALO ALTO, SBC CALIFORNIA AND COMCAST CORPORATION OF CALIFORNIA IX, INC. FOR UNDERGROUND UTILITY DISTRICT NO. 39

RECOMMENDATION

Staff recommends that Council:

1. Approve and authorize the Mayor to execute the attached contract with Can-Am Communications, Inc. in the amount of $1,106,204 for the installation of the utility trench and substructure system for the Underground Utility District No. 39 Project.

2. Authorize the City Manager or his designee to negotiate and execute one or more change orders to the contract with Can-Am Communications, Inc. for related, additional but unforeseen work which may develop during the project, the total value of which shall not exceed $165,000 or approximately 15% of the contract value.

3. Approve and authorize the City Manager to execute the attached Specific Agreement for Joint Participation Installation of Underground Facilities System between the City of Palo Alto, SBC Communications and Comcast Corporation of California IX, Inc., in a not to exceed amount of $1,271,204, including $1,106,204 for basic services and $165,000 for additional services.

BACKGROUND

On July 25, 2005, during the City Council Public Hearing meeting for Underground District No. 41, several property owners expressed concerns about the high cost to the property owners for the service conversion work. The City Council, in light of the concerns raised by the property owners, had requested Staff to report back in September/October with alternate financing plans.
to reduce the financial hardship for property owners in Underground District No. 41. The Underground District No. 39 has a total of 124 properties and there are only 4 single-family homes. Unlike in the recently proposed Underground District No. 41, staff has not received any complaints about financial hardship from the property owners within Underground District No. 39. During the public hearing held for Underground District No. 41, on July 25, 2005, the direction from Council on underground districts was to proceed with the scheduled construction on Underground District No. 39 as approved during the adoption of the ordinance establishing the district on January 5, 2004.

**DISCUSSION**

**Project Description**
The work to be performed under the contract is for the Underground Utility District No. 39 project.

At its meeting on January 5, 2004, the Council adopted Ordinance No. 4814 creating Underground Utility District No. 39 for the Sherman Avenue, El Camino Real, Page Mill Road and Park Boulevard area. This project involves constructing an underground distribution system in an area that meets both City and CPUC guidelines for undergrounding. The utility trench and substructure installation will be performed in the public right-of-way (street and sidewalk) and on easements back of sidewalk. This project will be constructed in four phases:

**Phase I**
Substructure installation by the contractor, consisting of trenching and placement of conduits, vaults, boxes and pads in the public right-of-way and in public utility easements.

**Phase II**
Installation, testing and energizing of new underground distribution cables, switches and transformers.

**Phase III**
Customer service conversions – all affected property owners will be required to connect to the new underground system.

**Phase IV**
Removal of all overhead lines and poles.

The work on this project is being performed by contract because the City does not have the staff and the equipment to install the substructure required for this project.

**Summary of Bid Process**

<table>
<thead>
<tr>
<th>Bid Name</th>
<th>El Camino Real/Park Blvd/Sherman/Page Mill Road Underground District 39</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Length of Project</td>
<td>4 months</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>3</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>------------------</td>
<td>-----</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>2</td>
</tr>
<tr>
<td>Bid Price Range</td>
<td>From a low of $1,106,204 to a high of $1,462,819</td>
</tr>
</tbody>
</table>

*Bid summary provided in Attachment B.

Staff has reviewed all bids submitted and recommends that the bid of $1,106,204 submitted by Can-Am Communications, Inc. be accepted and that Can-Am Communications, Inc. be declared the lowest responsible bidder. The bid is 15 percent below the engineer's estimate of $1,300,000. The change order amount of $165,000, which equals 15% percent of the total contract, is requested for related unforeseen work, which may develop during the project. A change order amount of 15% is being requested instead of the usual 10% due to the amount of congestion from existing and abandoned underground utility infrastructure within the project area.

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.

**Joint Agreement**

To take advantage of the economics of joint use of trenches, the City, SBC California and Comcast Corporation of California IX, Inc. executed an Amended Master Agreement in 1990 (originally a master agreement between City and Pacific Bell executed in 1975 and amended in 1986) for participation in joint underground construction projects.

This Amended Master Agreement, however, limits the expenditures to $25,000 per project. Whenever the amount involved in a project exceeds the $25,000 limit, then a Specific Supplementary Agreement is required. The Supplementary Agreement references the Amended Master Agreement for general terms and conditions and requires, when the work is contracted, that the use of the exact unit prices are quoted by the contractor to determine the costs shared between the utilities. Accordingly, the City, who will administer the contract for this project, will invoice SBC California and Comcast Corporation of California IX, Inc. on the basis of prices quoted and the terms agreed upon in Exhibit "A". Staff recommends approval of the Specific Supplementary Agreement for the Underground Utility District No. 39.

**RESOURCE IMPACT**

Funds for this project are included in the FY 2005/06 Utilities Department Electric CIP No. EL03005 budget. Based on the low bid, the estimated costs for the City, SBC and Comcast are $553,102, $331,861 and $221,241 respectively. Utilities Engineering division has sufficient resources to manage this contract work with existing staff.

**POLICY IMPLICATIONS**

The award of this contract does not represent any changes to existing City policy. This project supports CPAU Key Strategy number 7 – Implement programs that improve the quality of the
environment, and Supporting Objective number 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. Bid Summary  
C. Specific Agreement for Joint Participation Installation of Underground Facilities System  
D. Project Location Map

**PREPARED BY:**
Gopal Jagannath and Jim Thompson

**CITY MANAGER APPROVAL:**
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EMILY HARRISON  
Assistant City Manager