TO:  HONORABLE CITY COUNCIL

FROM:  CITY MANAGER

DEPARTMENT: PUBLIC WORKS

DATE:  JULY 14, 2008

CMR:299:08

SUBJECT:  APPROVAL OF 1) A STORM DRAIN ENTERPRISE FUND CONTRACT WITH PROVEN MANAGEMENT, INC. IN THE TOTAL AMOUNT NOT TO EXCEED $582,725 TO CONSTRUCT SAN FRANCISQUITO CREEK STORM DRAIN BOX CULVERT, CAPITAL IMPROVEMENT PROGRAM PROJECT SD-06102 AND 2) AMENDMENT NO. 2 TO CONTRACT C06113651 WITH SCHAAF & WHEELER CONSULTING CIVIL ENGINEERS TO ADD $44,514 FOR ADDITIONAL ENGINEERING SUPPORT SERVICES FOR A TOTAL NOT TO EXCEED AMOUNT OF $733,022

RECOMMENDATION

Staff recommends that Council:

1. Approve and authorize the City Manager or his designee to execute the attached contract in the amount of $582,725 with Proven Management, Inc. (Attachment A) to construct the San Francisquito Creek Storm Drain Box Culvert;

2. Authorize the City Manager or his designee to negotiate and execute one or more change orders to the contract with Proven Management, Inc. for related, additional but unforeseen work that may develop during the project, the total value of which shall not exceed $58,000; and

3. Approve and authorize the City Manager or his designee to execute Amendment No. 2 to the contract with Schaaf & Wheeler Consulting Civil Engineers in the amount of $44,514 for additional services related to the San Francisquito Creek pump station and storm drain box culvert construction (Attachment B).

BACKGROUND

On November 21, 2005, Council awarded a contract to Schaaf & Wheeler Consulting Civil Engineers to design the San Francisquito Creek Storm Water Pump Station (CMR:409:05). On August 6, 2007, Council approved Amendment No. 1 to the contract in order to retain Schaaf & Wheeler to perform services to support staff during the construction of the pump station. Services provided include the review of contractor submittals, attendance at weekly construction meetings with City staff and the contractor, review of potential construction contract change orders, and issuance of clarifications to the contract documents during construction.
On August 6, 2007, Council awarded a contract to Proven Management, Inc. for the construction of the San Francisquito Creek Storm Water Pump Station (CMR:314:07). Bids received for the project were substantially higher than expected, which necessitated a Budget Amendment Ordinance and a loan from the General Fund. At the time of the contract award, staff notified Council of its intention to defer the construction of the storm drain box culvert leading to the pump station as a potential cost savings strategy. Staff believed that lower bid prices might be secured from a specialty underground construction contractor if the storm drain were rebid as a separate construction project. As a result, staff issued a deductive change order to Proven Management, Inc. deleting the storm drain from the scope of the pump station project. The FY 2008-09 Storm Drainage Fund CIP budget approved by Council included $700,000 for the San Francisquito Creek storm drain box culvert.

The exact alignment and length of the storm drain box culvert has changed since the original pump station contract was awarded last August. In order to minimize project costs, the box culvert was designed to be installed along the shortest route between the existing storm drain outfall and the new pump station. This route crosses a parcel of private property at 2023-2025 East Bayshore Road. Staff was in the process of negotiating with the property owners for a utility easement when Council awarded the pump station contract in August 2007. Staff acquired the required easement from the property owners in December 2007. In order to satisfy the property owners’ concerns about the impact of the easement on the value of their property, the box culvert was realigned so that it will encumber a smaller portion of the property. This resulted in the box culvert being lengthened by approximately 45 feet. In addition, the City agreed to make some paving and drainage improvements to the private parcel as part of the owners’ compensation for the utility easement. The cost of the lengthened box culvert and the additional site work items was estimated to be approximately $125,000.

**DISCUSSION**

**Scope of Work**

This project includes the construction of a new box culvert connecting the existing storm drain outfall to the San Francisquito Creek storm water pump station currently under construction, as well as paving and drainage improvements on and adjacent to an easement that the box culvert will occupy. The new box culvert together with the pump station will provide improved drainage in a 1,250-acre area of northeastern Palo Alto. The pump station will allow the discharge of storm runoff into the creek even when the creek water surface elevation is higher than the nearby ground surface elevations.

**Bid Process**

A notice inviting formal bids for the project was posted at City Hall on June 3, 2008 and sent to 10 builders' exchanges and 18 potential bidders. The bidding period was 21 days. Bids were received from five qualified contractors on June 24, 2008 as listed on the attached bid summary (Attachment C). Bids for the base bid work items ranged from a low bid of $582,725 to a high of $1,446,775.

The low bid for the base bid work items is 11 percent below the engineer’s estimate of $657,750. Although the low bid is approximately $50,000 higher than the $530,000 originally bid for the box culvert in August 2007, this increase is due to the re-alignment of the culvert in order to avoid impacts to private property.
Summary of Bid Process

<table>
<thead>
<tr>
<th>Bid Name/Number</th>
<th>San Francisquito Creek Storm Drain Outfall, Invitation For Bids (IFB) No. 127067</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Length of Project</td>
<td>Final Completion by October 1, 2008</td>
</tr>
<tr>
<td>Number of Bid Packages Delivered to Contractors</td>
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</tr>
<tr>
<td>Number of Bid Packages Delivered to Builder’s Exchanges</td>
<td>10</td>
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<tr>
<td>Total Days to Respond to Bid</td>
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<tr>
<td>Pre-Bid Meeting?</td>
<td>No</td>
</tr>
<tr>
<td>Number of Bids Received:</td>
<td>5</td>
</tr>
<tr>
<td>Bid Price Range</td>
<td>Low bid $582,725 to a high of $1,446,775</td>
</tr>
</tbody>
</table>

The Certification of Nondiscrimination is provided as Attachment D.

Staff recommends that the base bid of $582,725 submitted by Proven Management, Inc. be accepted and that Proven Management, Inc. be declared the lowest responsible bidder. The construction contingency amount of $58,000 (which equals 10 percent of the contract award amount) is requested to resolve unforeseen problems and/or conflicts that may arise during the construction period. Staff checked references supplied by the contractor for previous work performed and found that the contractor has a history of satisfactory performance and a long resume of large-scale underground construction projects. Staff also checked with the Contractor's State License Board and found that the contractor has an active license on file and is in good standing with the Board.

Amendment No. 2 to Design Contract
The dollar value of construction administration services included in Amendment No. 1 to the contract with Schaaf & Wheeler Consulting Civil Engineers was estimated based on best information available at the time. Staff has minimized the project construction administration expenditures by conducting daily inspection of the construction activity using in-house personnel and minimizing use of the consultant as much as possible. Nevertheless, the consultant services provided to-date for the San Francisquito Creek Storm Water Pump Station have nearly exhausted the original project construction administration budget and additional services will be required during the construction of the storm drain box culvert. Attachment B is a contract amendment in the amount of $44,514 for the additional construction management services to be performed by Schaaf & Wheeler Consulting Civil Engineers for the remaining duration of the project.

Project Coordination
The project has been coordinated with the City of East Palo Alto and the San Francisquito Creek Joint Powers Authority (JPA) to ensure the minimization of impacts to the creek and the neighboring community. The storm drain will be installed during weekend hours in order to minimize traffic impacts along East Bayshore Road and to the local businesses.

RESOURCE IMPACT
Funds for the construction of the San Francisquito Creek storm drain box culvert and
Amendment No. 2 to the design contract with Schaaf & Wheeler Consulting Civil Engineers are available in the approved budget for Storm Drain Capital Improvement Project SD-06102.

**POLICY IMPLICATIONS**
The recommendations contained in this report are consistent with existing City policies.

**TIMELINE**
Construction of the San Francisquito Creek storm drain box culvert is expected to start in early August 2008 and be fully completed on or before October 1, 2008.

**ENVIRONMENTAL REVIEW**
An initial study checklist was prepared for the project and it was determined that, with the implementation of mitigation measures and standard conditions of approval, the project would have a less than significant impact on the environment. A Mitigated Negative Declaration for the project was approved by the Director of Planning and Community Environment, upon the recommendation of the Architectural Review Board on April 5, 2007.

**ATTACHMENTS**
Attachment A: Construction Contract with Proven Management, Inc.
Attachment B: Design Services Contract Amendment No. 2 with Schaaf & Wheeler
Attachment C: Bid Summary
Attachment D: Certification of Nondiscrimination

**PREPARED BY:**

_________________________________________
JOE TERESI
Senior Engineer

**DEPARTMENT HEAD:**

_________________________________________
GLENN S. ROBERTS
Director of Public Works

**CITY MANAGER APPROVAL:**

_________________________________________
STEVE EMSLIE /KELLY MORARIU
Deputy City Managers

**cc:**  Storm Drain Oversight Committee
        Kevin Murray, San Francisquito Creek JPA
        Alvin James, City of East Palo Alto
        Scott Yeaman, Yeaman Auto Body
        Mitch Johnson, Palo Alto Upholstery
        Tommie Roberts
        Dennis Parker