TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DATE: NOVEMBER 3, 2008

REPORT TYPE: CONSENT

SUBJECT: Approval of a Utilities Enterprise Fund Contract with Lewis and Tibbitts, Inc. in an Amount Not to Exceed $3,859,795 for Capital Improvement Program GS-07002, Gas Main Replacement Project 17, in the College Terrace, Evergreen Park, Ventura, Crescent Park, University South, Duveneck/St. Francis and University Park Subdivisions

RECOMMENDATION

Staff recommends that Council approve and authorize the City Manager or his designee to execute the attached contract with Lewis and Tibbitts, Inc. (Attachment A) in the amount not to exceed $3,859,795 for the Capital Improvement Program (CIP) GS-07002 (Gas Main Replacement (GMR) Project 17).

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 Lewis and Tibbitts, Inc. for related additional but unforeseen work, which may develop during the project, the total value of which shall not exceed $578,970 (which represents 15% of the contract amount).

DISCUSSION

Project Description

The work to be performed under the contract is for installation of 36,242 linear feet of new polyethylene (PE) gas main, 555 new customer services, and service stubs to reconnect 107 existing customer PE services within the City Limits of Palo Alto. The project will replace mains in College Terrace from Wellesley to El Camino, California, Cambridge, College, Sheridan, Olive, Chestnut, Lambert, Margarita, Matadero, Wilton Avenues from El Camino Real to Park Boulevard, on Park Boulevard between Stanford and California, Page Mill to Olive, and Margarita to Wilton. Mains will also be replaced on Ramona between University and Forrest and Homer to Channing, on Lane A West, on Hamilton from Lincoln to Newell, Rhodes Drive and on Alannah Court (project locations are shown in Attachment C). Replacing the gas distribution system mains with Polyethylene (PE) pipe will eliminate leaks in the project areas and reduce loads on the existing cathodic protection system, a corrosion control system on the...
remaining steel mains, thereby extending the useful life of the system. Installing larger diameter gas mains in the project areas will increase the City’s gas distribution system reliability.

This project continues the acrylonitrile-butadiene-styrene (ABS) replacements started in 1992-93 and will continue until all of the ABS mains are removed from the gas system in 2013. The project currently targets ABS mains that have caused additional maintenance problems and expense due to their brittle pipe walls. Additionally, over time, these mains have developed an elliptical shape with brittle sidewalls. Repairs to these oddly shaped brittle mains are time consuming and difficult. Accelerated replacement of ABS mains and services are required to maintain the City’s planned capital project schedule. ABS material failures will continue to contribute to increasing gas maintenance expenses associated with gas leaks. 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 17, CIP GS-07002, IFB Number 128534</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Length of Project</td>
<td>270 calendar days</td>
</tr>
<tr>
<td>Number of Bids Mailed to Contractors</td>
<td>14</td>
</tr>
<tr>
<td>Number of Bids Mailed to Builder’s Exchanges</td>
<td>5</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>11</td>
</tr>
<tr>
<td>Number of Bids Received:</td>
<td>7</td>
</tr>
<tr>
<td>Bid Price Range</td>
<td>From a low of $3,859,795 to a high of $5,783,985</td>
</tr>
</tbody>
</table>

*Bid summary provided in Attachment B.*

Staff has reviewed all bids submitted and recommends that the bid of $3,859,795 submitted by Lewis and Tibbitts, Inc. be accepted and that Lewis and Tibbitts, Inc. be declared the lowest responsible bidder. The bid is 26 percent below the staff engineer’s estimate of $5,222,020. The change order amount of $578,970, which equals 15 percent of the total contract, is requested for additional unforeseen work that may develop during the project. Due to the complexity of the project, staff anticipates additional change orders associated with the work to be performed on El Camino Real between Fernando Avenue and Los Robles and on California Avenue between El Camino Real and Park Boulevard.

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 for the project has been and will continue to be coordinated with the Public Works Department at the monthly Utilities/Public Works coordination meetings. Project coordination within the City is enhanced by using the City’s Geographical Information System Project
Coordinator Program for staff discussions on potential project conflicts. The project conflicts are resolved by staff at the monthly coordination meetings. Staff’s GMR Project 17 communications will include project notifications mailed to all residents and businesses along the project alignment. Links to the GMR Project 17 website will be included in the mailed project notifications and staff will hold project information meetings to inform the residents and businesses of the project schedule and methods of construction. Project communication meetings started with the College Terrace Residents Association during GMR Project 16, which replaced gas mains in College Terrace from Amherst Street to Princeton Street, will continue as part of GMR Project 17. Construction on the project will most likely start in the January 2009.

RESOURCE IMPACT
Funds for this capital project were included in the FY 2007/08 Gas Enterprise CIP budgets. This project includes funding transfers of $274,725 to the General Fund for Street Cut Fees. Funds for Street Cut Fees for this project were included in the FY 2007/08 Gas Enterprise CIP budgets.

POLICY IMPLICATIONS
Gas Main Replacement Project 17 was approved by Council as part of the FY 2007-08 CIP budget approval process. The approval of this Gas Enterprise Fund 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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CITY MANAGER APPROVAL:
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City Manager

CMR: 423:08