TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DATE: NOVEMBER 10, 2008

DEPARTMENT: UTILITIES

CMR: 409:08

REPORT TYPE: CONSENT

SUBJECT: Approval of a Utilities Enterprise Fund Contract for Citywide Water and Wastewater Operations Services with EPS, Inc. (dba Express Plumbing) for Up to Three Years in an Amount Not to Exceed $350,000 Per Year

EXECUTIVE SUMMARY
This enterprise contract will provide construction services to supplement city crews in repairing and replacing water and wastewater systems. The contract is an annual contract in the amount of $350,000 and can be renewed by the City Manager for two additional years if there is budget and the contractor performs satisfactorily. Planned work under this contract will be coordinated with the annual street paving work performed by Public Works.

RECOMMENDATION
Staff recommends that Council approve and authorize the City Manager or his designee to execute the attached contract with EPS, Inc. (dba Express Plumbing) (Attachment A) for up to three years in an amount not to exceed $350,000 per fiscal year for water and wastewater construction services.

Staff also recommends that Council approve and authorize the City Manager or his designee to exercise the option to renew the contract for Fiscal Year 2009-2010 for $350,000 and for Fiscal Year 2010-2011 for $350,000, provided the contractor is responsive to the City's needs, and the quality of the contractor's work/product is acceptable during the first year of the contract (and/or other conditions which will determine the City's willingness to renew the contract).

Staff 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 EPS, Inc. (dba Express Plumbing) for related, additional but unforeseen work which may develop during the project, the total value of which shall not exceed $35,000 in each of the three fiscal years of the contract (2009-2009, 2009-2010, and 2010-2011).

DISCUSSION
Project Description
The work to be performed under the contract is for emergency and/or critical rehabilitation of various components of the City of Palo Alto's water and wastewater system. The water work
includes installing or replacing water services, fire hydrant assemblies, mainlines, gate valves, blow-off assemblies, air release assemblies, and line stops. The wastewater work includes installing or replacing manholes, laterals, cleanouts, and mainlines. The contract will be for up to three years, subject to Council approval of the budget for the work each fiscal year and satisfactory contractor performance.

Description of Bid Process
The process used to solicit bids for this proposed three-year contract is slightly different than the City’s usual bid procedure for invitations for bids (IFB). Due to the uncertainty of the quantities of critical or other as-needed repair work the contractor may be asked to perform under this contract, the bid item quantities were increased to include the maximum quantity of that bid item work that may occur as part of the contract within any given fiscal year. The bidders were informed that the maximum amount spent under the contract would be limited to $350,000 per year, the total contract for all three fiscal years may reach $1,050,000, and that the second and third years of the contract would be subject to Council approval of the contract budget in fiscal years 2009-2010 and 2010-2011.

Bids were evaluated based on estimated maximum activity over the three-year period. Work is given per unit bid item. The total bid item amount is an estimated quantity based on the possible maximum for the year based on prior experience and project budget. Since this project is for critical or other as-needed repair work, not all bid item quantities will be used in each fiscal year. Therefore, the engineer’s estimate of $5,600,000, which includes all the bid items at maximum estimated activity levels, exceeds the planned budget (see Attachment B).

This work is being performed by contract because the project resource requirements are beyond the City’s personnel and equipment capacity. This contract is to supplement the City’s current Utilities Water and Wastewater operations structure. In the contract, the contractor has 5 days to mobilize. City crews generally handle all of the emergency work. In the event the contractor is already mobilized, staff may work with the contractor to do some of the emergency work. The contractor will primarily get critical work to free City crews up for other longer term maintenance tasks.

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<tr>
<th>Summary of Bid Process</th>
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<tr>
<td>Bid Name/Number</td>
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<td>Proposed Length of Project</td>
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<td>Number of Bids Mailed to Contractors</td>
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<td>Number of Bids Mailed to Builder’s Exchanges</td>
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<td>Total Days to Respond to Bid</td>
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<td>Pre-Bid Meeting?</td>
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<td>Number of Bids Received:</td>
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<td>Bid Price Range</td>
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*Bid summary provided in Attachment B.
Staff has reviewed all bids submitted and recommends that the bid of $3,246,042 submitted by EPS, Inc. (dba Express Plumbing) be accepted and that EPS, Inc. (dba Express Plumbing) be declared the lowest responsive and responsible bidder for each of the three contract fiscal years in the amounts of $350,000 (FY 2008/09), $350,000 (FY 2009/10), and $350,000 (FY 2010/11). The bid is 42 percent below the engineer's estimate of $5,600,000. The change order amounts of $35,000 (FY 2008/09), $35,000 (FY 2009/10), and $35,000 (FY 2010/11), which equal 10 percent per year of the total annual contract, are requested for unforeseen additional 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 will be coordinated with the Public Works Department at the monthly department coordination meetings and by meeting independently with Public Works’ project managers whose projects may directly impact this project. During the coordination meetings, staff is aggressively targeting targeted work zones to more closely plan and coordinate underground infrastructure prior to future street maintenance.

RESOURCE IMPACT
The bid includes pricing for a thirty-six month (3-year) agreement. Funds for the first year of this project are included in the FY2008/09 Water System Improvements (WS-80014) and Wastewater Collection System Improvements (WC-99013) projects. Funding will be requested for the second and third years of the project in FY 2009/10 and FY 2010/11 in the same projects.

POLICY IMPLICATIONS
The approval of this contract is consistent with existing policies. This recommendation is consistent with the Council-approved Utilities’ Strategic Plan, especially supporting Objective No. 2 – “Invest in utility infrastructure to deliver reliable service.” and Key Strategy No. 1; Operating the distribution system in a cost effective manner.”

ENVIRONMENTAL REVIEW
This project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guideline Sections 15301 (b) repair and maintenance of existing public utility facilities and 15302 (c) replacement or reconstruction of existing utility facilities involving no expansion of capacity.
ATTACHMENTS
A: Contract
B: Bid Summary
C: Certificate of Non-Discrimination

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