TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: UTILITIES

DATE: JANUARY 14, 2002 CMR: 100:02

SUBJECT: APPROVAL OF A CONTRACT WITH P&J UTILITY COMPANY IN THE AMOUNT OF $1,372,394 FOR WATER MAIN REPLACEMENT PROJECT 15, CIP #33330

RECOMMENDATION

Staff recommends that Council:

1. Approve and authorize the Mayor to execute the attached contract with P&J Utility Company in the amount of $1,372,394 for Water Main Replacement Project 15, Capital Improvement Program Project 33330.

2. Authorize the City Manager or his designee to negotiate and execute one or more change orders to the contract with P & J Utility Company for related, additional but unforeseen work which may develop during the project, the total value of which shall not exceed $137,239.

DISCUSSION

Project Description
The work to be performed under the contract is for Water Main Replacement Project 15, which involves the installation of approximately three miles of water main and services (see project location maps Attachment C). The project maintains a 26-year replacement program for the cast iron portion of the City’s water distribution system.
As the City’s water distribution system ages, it becomes necessary to replace existing water mains. These mains, typically cast iron pipes, begin to show signs of extensive corrosion, or become subject to recurring breaks. Another problem with very old water systems, such as Palo Alto’s, is that mains are inadequate in size to supply the required flows and pressure for fire protection. This project will replace mains that have been identified by staff as subject to breakage and will increase fire protection flows in the areas being upgraded. This project will also abandon some existing cast iron water mains and transfer the water services to the larger existing water mains on the same streets.

**Bid Process**

A notice inviting formal bids for Water Main Replacement Project 15 was sent on November 14, 2001 to eight builders' exchanges and six contractors. The bidding period was twenty six calendar days. A non-mandatory pre-bid meeting was held on November 28, 2001; three bidders attended the meeting. Bids were received from five qualified contractors on December 11, 2001, as listed on the attached bid summary (Attachment A). Bids ranged from a high of $2,098,097 to a low bid of $1,372,394. Contractors not responding indicated that they did not submit a bid because they were too busy to bid.

Staff has reviewed all bids submitted and recommends that the bid of $1,372,394 submitted by P&J Utility Company be accepted and that P&J Utility Company be declared the lowest responsible bidder. The bid is eleven percent below the engineer's estimate of $1,545,231. The change order amount of $137,239 which equals ten percent of the total contract is requested.

Staff checked references supplied by the contractor for previous work performed and found no significant complaints. Staff also checked with the Contractor's State License Board and found that the contractor has an active license on file.

**RESOURCE IMPACT**

Funds for this project are included in the FY 2001-02 Utilities Department Water Capital Improvement Program (CIP) budget.

**POLICY IMPLICATIONS**

The award of this contract does not represent any change to existing City polices. This recommendation is consistent with the Council approved Utilities Strategic Plan Strategy 1) Operate distribution system in a cost effective manner. It is also consistent with the
City Council Priorities No. 1) Long-Range Financial Plan – Identify the means to fund the rehabilitation of existing infrastructure as well as the construction of new infrastructure over the next 10 years.

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: Bid Summary
B: Contract
C: Project Location Maps

PREPARED BY: An Le, Charles Borg, Roger Cwiak, and Scott Bradshaw

DEPARTMENT HEAD:  

______________________________________  
JOHN ULRICH  
Director of Utilities

CITY MANAGER APPROVAL:  

______________________________________  
EMILY HARRISON  
Assistant City Manager