TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER
DEPARTMENT: UTILITIES

DATE: MAY 20, 2002
CMR:209:02

SUBJECT: AWARD OF CONTRACT TO STREAMLINE INCORPORATED
FOR WATER/WASTEWATER OPERATIONS CONTRACT SERVICES (IFB #142310) IN THE AMOUNT OF $242,880

RECOMMENDATION
Staff recommends that Council:

1. Approve and authorize the Mayor to execute the attached one year contract with Streamline Inc. in the amount of $242,880 for Water/Wastewater Operations contract services.

2. Authorize the City Manager or his designee to negotiate and execute one or more change orders to the contract with Streamline Inc. for related, additional but unforeseen work that may develop during the project, the total value of which shall not exceed $ 24,288.

DISCUSSION

Project Description
The work to be performed under the contract is for the construction of various sized sanitary sewer mains, laterals, manholes, water mains, water services, and fire hydrants by open trench method, on various locations throughout the City of Palo Alto.

The City of Palo Alto performs routine maintenance on the Wastewater Collections System. Information gathered from this maintenance is collected and entered into the Sewer Information Maintenance Management System (SIMMS); it is then used to prioritize work on the collection system. SIMMS has identified defective laterals, mainlines and manholes in need of replacement or repair, to decrease the amount of sewer backups. Replacing or repairing existing services will reduce maintenance expenses and eliminate groundwater intrusion into the collection system.
This project also involves replacing old and deteriorating water mains, water service lines, water valves, and hydrants. To maintain a high water quality standard, it is necessary to replace old and corroded pipe when found. Upgrading hydrants and valves is consistent with fire protection policies.

**Bid Process**
A notice inviting formal bids for Water/Wastewater Operations contract services was sent to twenty-eight vendor/contractors on February 4, 2002. The bidding period was twelve calendar days. A mandatory pre-bid meeting was scheduled for February 19, 2002; four contractors attended. Bidding closed on February 26, 2002. Bids were received from three contractors on February 26, 2002, as listed on the attached bid summary (Attachment B). The lowest responsible bid is for the amount of $242,880. Contractors not responding stated that they could not be competitive on this project.

Water-Gas-Wastewater Operations has reviewed the bids submitted and recommends that the bid of $242,880 submitted by Streamline Inc. be accepted and that Streamline Inc. be declared the lowest responsible bidder. The change order amount of $24,288, which equals ten percent of the total contract, is requested for additional but unforeseen work that may develop during the project.

Staff checked references supplied by Streamline Inc. for 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.

**ALTERNATIVES**
Due to the aging infrastructure and the increase in service disruptions, WGW Operations has experienced an overwhelming increase in workload and a decrease in experienced personnel. The only other alternative is to hire full time employees. Implementing a contract crew would afford the ability and the flexibility to dedicate skilled employees to certain tasks, especially in emergency situations. This crew would assist WGW Operations group to work efficiently on routine operations as well as with emergencies. Repair times for service disruptions would decrease. The added manpower would help to reduce backlogged work as well as assisting WGW Operations when employees are ill, on vacation or in training classes.
RESOURCE IMPACT
Funds for this project are available in the FY 2001/02 Water and Wastewater Capital Improvement Program budget for Water System and Wastewater Collection System Rehabilitation/Augmentation.

POLICY IMPLICATIONS
This report does not represent any change to existing City policies and supports the Utilities Strategic Plan Strategy No. 1 Operating the distribution system in a cost effective manner by accelerating the capital improvement program to reduce maintenance cost in later years when competition will become more intense and also by developing multi-year service contracts with local contractors for outsourcing the installation of all new water, gas and wastewater services.

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

PREPARED BY: ________________________________
MICHAEL HAYNES
Project Manager

DEPARTMENT HEAD: ________________________________
JOHN ULRICH
Director of Utilities

CITY MANAGER APPROVAL: ________________________________
EMILY HARRISON
Assistant City Manager