



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Loesch

SUBJECT: SEE BELOW

DATE: April 8, 2024

Approved

Date

4/16/24

COUNCIL DISTRICT: 7

**SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR THE 10108 –
MCLAUGHLIN AVENUE-IDLEWOOD DRIVE SANITARY SEWER
IMPROVEMENT PROJECT**

RECOMMENDATION

- a) Report on bids and award of contract for the construction of 10108-McLaughlin Avenue-Idlewood Drive Sanitary Sewer Improvement Project, to the lowest responsive, responsible bidder, Devaney Engineering, Inc., in the amount of \$2,587,420; and
- b) Approve a 10% contingency in the amount of \$258,742.

SUMMARY AND OUTCOME

Award of the contract to Devaney Engineering, Inc. enables construction of necessary sewer improvements that will ensure there is adequate sewer capacity to carry future sewer flows as projected by the City's 2040 General Plan. Approval of the 10% contingency provides funding for any unanticipated work necessary for the proper completion or construction of the 10108-McLaughlin Avenue-Idlewood Drive Sanitary Sewer Improvement Project (Project).

BACKGROUND

The City of San José Department of Public Works Master Plan Group models projected sewer flows and identifies potential capacity shortfalls according to the City's 2040 General Plan. The Master Plan Group first identified this Project during the development of its Phase II model. This Project was later refined to the current Project scope during its Phase III model development.

These sewer segments are located within City Council District 7 as shown in **Attachment A – Location Map**.

This Project will upsize approximately 1,700 linear feet of 12-inch sanitary sewer main to 15-inch diameter along McLaughlin Avenue between Tully Road and Idlewood Drive. Additionally, six manholes will be constructed and approximately 23 laterals will be cleaned, inspected, and reconnected.

Construction is scheduled to begin in August 2024 with substantial completion in January 2025.

ANALYSIS

Bids were opened on February 22, 2024 with the following results:

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
JMB Construction, Inc. (South San Francisco) <i>(non-responsive)</i>	\$1,794,800	(\$519,670)	(22)
SubTerra Construction, Inc. (San Francisco) <i>(non-responsive)</i>	\$2,227,415	(\$87,055)	(4)
Engineer's Estimate	\$2,314,470	--	--
Devaney Engineering, Inc. (San Francisco)	\$2,587,420	\$272,950	12
DPI, Inc. (Livermore) <i>(non-responsive)</i>	\$2,772,777	\$458,307	20

Bids received from JMB Construction, Inc., SubTerra Construction, Inc., and DPI, Inc. were deemed non-responsive for failing to provide required California Air Resources Board Certificates of Reported Compliance for the listed subcontractors.

The low bid submitted by Devaney Engineering, Inc. is 12% above the Engineer's Estimate. This was a result of higher unit costs for pipe installation and trench sheeting, shoring, and bracing. Staff will continue to monitor issues affecting construction costs and will take them into account on future projects. The bid is considered acceptable for the work involved.

Devaney Engineering, Inc. has successfully completed multiple sanitary sewer projects for the City of San José, including 8946-Sanitary Sewer Repairs FY 2018-2019 Package I accepted in October 2020 and 9014-Sanitary Sewer Repairs 2018-19 Package III accepted in March 2020.

Contingency

San José Municipal Code Section 27.04.050 provides for a standard contingency of 10% on all public works contracts except those involving the renovation of building or buildings. The standard contingency is appropriate for this Project.

Wage Theft Prevention Policy Check

The Office of Equality Assurance reviewed bidders for compliance with the City's Wage Theft Prevention Policy on February 22, 2024 and on March 5, 2024. One paid, satisfied settlement was identified. No contractors met the threshold for mandatory disqualification.

Project Labor Agreement Applicability

The City's Project Labor Agreement is applicable to this Project because the Engineer's Estimate is over \$1.22 million.

Local and Small Business Analysis

The recommended contractor is not a local or a small business enterprise. In addition, no local or small business enterprises were listed as subcontractors.

EVALUATION AND FOLLOW-UP

No additional follow up action with the City Council is expected at this time.

COST SUMMARY/IMPLICATIONS

The proposed operating and maintenance costs of this Project have been reviewed and it has been determined that the Project will have no significant adverse impact on the Sewer Service and Use Charge Fund or General Fund operating budgets. This Project is consistent with the City Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy.

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1. TOTAL COST OF PROJECT:

Project Delivery*	\$669,979
Construction	2,587,420
Contingency (10%)	258,742
TOTAL PROJECT COSTS	3,516,141
Prior Years' Expenditures and Encumbrances	161,747
TOTAL REMAINING PROJECT COSTS	\$3,354,394

* Project delivery includes \$278,401 for design services and \$391,578 for inspection, survey and materials, lab services, utilities, construction management, and project closeout costs.

2. COST ELEMENTS OF CONTRACT:

Mobilization	\$100,000
Traffic Control	30,000
New Pipe Installation	1,903,000
New Manholes	126,000
Other Construction Costs	428,420
TOTAL AGREEMENT/CONTRACT AMOUNT	\$2,587,420

BUDGET REFERENCE

The table below identifies the fund and appropriation to fund the contract recommended as part of this memorandum.

Fund #	Appn #	Appn Name	Total Appn	Amt. for Contract	2023-2024 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
545	429X	McLaughlin Ave-Idlewood Dr Sanitary Sewer Improvement	\$3,140,000	\$2,227,420	190	06/20/2023, 30933
540	429X	McLaughlin Ave-Idlewood Dr Sanitary Sewer Improvement	\$360,000	\$360,000	190	06/20/2023, 30933

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, the City Manager's Budget Office, and the Department of Planning, Building, and Code Enforcement

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PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the April 30, 2024 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

There is no commission recommendation or input associated with this action.

CEQA

Categorically Exempt, File No. ER23-154, CEQA Guidelines CEQA Guidelines Section 15301(b), Existing Facilities, as noted in **Attachment B** – Statement of Exemption ER23-154.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

MATT LOESCH

Director of Public Works

For questions, please contact Mathew Nguyen, Public Works Deputy Director, at Mathew.Nguyen@sanjoseca.gov or (408) 535-8300.

ATTACHMENTS:

Attachment A - Location Map

Attachment B – Statement of Exemption ER23-154

Attachment A
Location Map

10108-McLaughlin Avenue-Idlewood Drive Sanitary Sewer Improvement



STATEMENT OF EXEMPTION

FILE NO.	ER23-154
LOCATION OF PROPERTY	McLaughlin Avenue between Tully Road and Idlewood Drive; Tully and McLaughlin intersection
PROJECT DESCRIPTION	Public Project Exemption for a Sanitary Sewer improvement involving the removal and replacement of existing sanitary sewer pipelines. The scope of work includes replacement of 12-inch diameter sanitary sewer with 15-inch diameter sanitary sewer in the same location and alignment but with a different slope than currently exists. New associated facilities, such as manholes, may be installed as part of the replacement work. The purpose of this work is to rehabilitate, maintain and ensure efficiency and safety of the existing utility service system.

CERTIFICATION

Under the provisions of Sections 15301(b) of the State Guidelines for Implementation of the California Environmental Quality Act (CEQA) as stated below, this project is found to be exempt from the environmental review requirements of Title 21 of the San José Municipal Code, implementing the California Environmental Quality Act of 1970, as amended.

15301. EXISTING FACILITIES

Class 1 consists of operation, repair, maintenance, permitting, leasing, licensing, or minor alternation of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. The types of "existing facilities" itemized below are not intended to be all-inclusive of the types of projects which might fall within Class 1. The key consideration is whether the project involves negligible or no expansion of an existing use. Examples include but are not limited to:

- (b) Existing facilities of both investor and publicly owned utilities used to provide electric power, natural gas, sewerage, or other public utility services

ANALYSIS

Public Project Exemption for a Sanitary Sewer improvement involving the removal and replacement of existing sanitary sewer pipelines. The scope includes the removal of approximately 1,700 linear feet of existing 12-inch diameter sanitary sewer and replacement of the same amount in the same alignment with 15-inch diameter sanitary sewer along McLaughlin Avenue between Tully Road and Idlewood Drive. Additionally, 20 linear feet of existing 15-inch sewer at the Tully/McLaughlin intersection will be removed and replaced, also in the same alignment albeit at a different slope and invert to route sewer flows into an adjacent existing 42-inch sewer. New associated facilities, such as manholes, may be installed as part of the replacement work. The purpose of this work is to rehabilitate, maintain and ensure efficiency and safety of the existing utility service system. This project is intended to alleviate a projected future capacity shortcoming. It would not create any new sewage flows itself.

All segments of sewer mains to be removed and replaced are located within the City boundary and are located within the right-of-way and/or a PUE. The work proposed would be within existing disturbed areas and the project would not expand the length of the existing sanitary sewer segments. Therefore, the project will not result in substantial adverse impact to sensitive biological resources and will not adversely affect creeks or riparian corridor areas. In addition, any tree that is not a Heritage tree that must be removed as a result of the project shall be removed and replaced in accordance with the Department of Transportation regulations.

This exemption is only valid for projects that are within the scope of work described. This exemption will not be useable for any segments that have significant impacts to scenic highways, historical resources, or in areas that are included on any list compiled pursuant of Section 65962.5 of the Government Code. Removal and replacement of sewer mains that could potentially affect unpaved riparian areas would need additional environmental analysis.

As the project consists of inspection and replacement of existing utilities facilities or structures, the project will involve negligible expansion of the existing use and will remove and replace existing public infrastructures. Therefore, the project is exempt to CEQA Guideline Section 15301(b). Projects that are not within the scope of work, as mentioned and analyzed in this exemption, will require separate environmental review and determination.

Exceptions:

CEQA Guidelines Section 15300.2 provides exceptions to the use of a Categorical Exemptions where the use of a Categorical Exemption is prohibited under certain circumstances. The City evaluated the proposed project's applicability to all the exceptions under Section 15300.2. An analysis of each of these exceptions in reference to this proposed project is provided below.

- (a) Location. Class 3, 4, 5, 6, and 11 are qualified by consideration of where the project is to be located. Section 15300.2(a) stated that a project that is ordinarily insignificant in its impact on the environment may, in a particularly sensitive environment, be significant. Section 15300.2(a) does not apply to the Class Category 1 and 2 of exemptions as the project will not occur in a sensitive area.
- (b) Cumulative Impact. Based on the above analysis, there is no evidence of a potential significant cumulative impact on the environment from the proposed project. The project proposes replacement of existing sewer mains throughout the city. It has been determined that the project will not cumulatively impact traffic, noise, air quality, or water quality.
- (c) Significant Effect. The proposed project site does not have any unusual circumstances that would negatively impact the environment; thus, the project would not result in any significant environmental effects.
- (d) Scenic Highways. It is not anticipated that the specific project sites will results in damage to any scenic resources. If one does, it is subject to 15300.2(d) and may not utilize this categorical exemption.
- (e) Hazardous Waste Sites. It is not anticipated that the specific project sites will be implemented in area that is included on any list compiled pursuant to Section 65962.5 of the Government Code. If one does, it is subject to 15300.2(e) and may not utilize this categorical exemption.
- (f) Historical Resources. It is not anticipated that the specific project sites will results in damage to any historic resources. If one does, it is subject to 15300.2(f) and may not utilize this categorical exemption.

Christopher Burton, Director
Planning, Building and Code Enforcement

Date July 25, 2023

A handwritten signature in black ink that reads "Tina Gray". The signature is written in a cursive style with a horizontal line underneath the name.

Deputy

Environmental Project Manager:
Kara Hawkins