

**2.32 Report on Bids and Award of Contract for the 10095 – Coleman Road Sanitary Improvement Phase III Project.**

**Recommendation:**

(a) Report on bids and award of a contract for the construction of 10095 - Coleman Road Sanitary Sewer Improvement Phase III Project to the lowest responsive, responsible bidder, SubTerra Construction, Inc., in the amount of \$1,312,840; and

(b) Approve a 10% contingency in the amount of \$131,284.

CEQA: Categorically Exempt, File No. ER24-034, CEQA Guidelines Section 15302(c) for replacement or reconstruction of existing utility systems and/or facilities involving negligible or no expansion of capacity. Council District 10. (Public Works)



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Matt Loesch

**SUBJECT:** SEE BELOW

**DATE:** May 28, 2024

Approved

Date

6/6/24

**COUNCIL DISTRICT: 10**

**SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR THE 10095 -  
COLEMAN ROAD SANITARY SEWER IMPROVEMENT PHASE III  
PROJECT**

## **RECOMMENDATION**

- (a) Report on bids and award of a contract for the construction of 10095 - Coleman Road Sanitary Sewer Improvement Phase III Project to the lowest responsive, responsible bidder, SubTerra Construction, Inc., in the amount of \$1,312,840; and
- (b) Approve a 10% contingency in the amount of \$131,284.

## **SUMMARY AND OUTCOME**

Award of the contract to SubTerra Construction, Inc. enables construction of necessary sewer improvements and ensures adequate sewer capacity to carry existing and future sewer flows for the area per 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 10095 - Coleman Road Sanitary Sewer Improvement Phase III Project (Project).

## **BACKGROUND**

The City of San José Department of Public Works Master Plan Group developed a hydraulic computer model to determine current and future sewer flows and identify potential capacity needs to meet the City's 2040 General Plan. The Master Plan Group identified the Project during the development of its Master Plan Phase II and update of Master Plan Phase I studies. The sewer segments included in the Project are located within City Council District 10, as shown in **Attachment A – Location Map - 10095-Coleman Road Sanitary Sewer Improvement Phase III.**

This Project will upsize approximately 870 linear feet of eight-inch diameter vitrified clay pipe sewer main to 14-inch diameter high density polyethylene pipe and install approximately 1,020 linear feet of new 14-inch diameter high density polyethylene pipe sewer main along Coleman Road between Redmond Avenue and Sentinel Street using traditional open cut method of construction. Additionally, four sanitary sewer manholes will be constructed and six sanitary sewer manholes will be removed and replaced.

Construction is scheduled to begin in October 2024 with substantial completion in March 2025.

### **ANALYSIS**

Bids were opened on May 2, 2024, with the following results.

<b><u>Contractor</u></b>	<b><u>Bid Amount</u></b>	<b><u>Variance Amount</u></b>	<b><u>Over/(Under) Percent</u></b>
SubTerra Construction, Inc. (San Francisco)	\$1,312,840	(\$62,460)	(5)
<b>Engineer's Estimate</b>	<b>\$1,375,300</b>	--	--
Koios Engineering, Inc. (San Francisco)	\$1,448,070	\$72,770	5
Devaney Engineering, Inc. (San Francisco)	\$1,570,790	\$195,490	14
Golden State Construction & Utility, Inc. (San Francisco) ( <i>non-responsive</i> )	\$1,644,368	\$269,068	20
Cratus, Inc. (San Francisco)	\$1,794,740	\$419,440	31
Pacific Underground Construction, Inc. (San José)	\$2,410,235	\$1,034,935	75

The bid received from Golden State Construction & Utility, Inc. was deemed non-responsive because the bidder had a suspended California Contractor State License Board license and failed to provide a required California Air Resources Board Certificate of Reported Compliance for a listed subcontractor.

The low bid submitted by SubTerra Construction, Inc. is approximately 5% below the Engineer's Estimate. The bid is considered acceptable for the work involved.

SubTerra Construction, Inc. has successfully completed multiple sanitary sewer projects for the City of San José, including 9175 - Miscellaneous Sanitary Sewer Capacity Improvement project accepted in November 2021 and 9311 - Mabury Yard Sanitary Sewer Replacement project in October 2023.

#### *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 10% 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 May 2, 2024 and again on May 10, 2024. No wage theft issues were identified.

#### *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 related to the 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. The Project is consistent with the City Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy.

May 28, 2024

**Subject: Report on Bids and Award of Contract for the 10095 - Coleman Road Sanitary Sewer Improvement Phase III Project**

Page 4

**1. TOTAL COST OF PROJECT:**

Project Delivery*	\$574,991
Construction	1,312,840
Contingency (10%)	131,284
<b>TOTAL PROJECT COSTS</b>	<b>\$2,019,115</b>
Prior Years' Expenditures and Encumbrances	214,962
<b>TOTAL REMAINING PROJECT COSTS</b>	<b>\$1,804,153</b>

\* Project delivery includes \$247,542 for design services and \$327,449 for inspection, survey and materials testing lab services, utilities, construction management, and project closeout costs.

**2. COST ELEMENTS OF CONTRACT:**

Mobilization	\$50,000
Traffic Control	25,000
New Pipe Installation	963,500
New Manholes	81,000
Other Construction Costs	193,340
<b>TOTAL AGREEMENT/CONTRACT AMOUNT</b>	<b>\$1,312,840</b>

**BUDGET REFERENCE**

The table below identifies the fund and appropriations 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	429U	Coleman Rd Sanitary Sewer	\$2,300,000	\$1,304,840	186	10/17/2023 Ord. No. 30966
540	429U	Coleman Rd Sanitary Sewer	\$8,000	\$8,000	186	06/20/2023 Ord. No. 30933

**COORDINATION**

This memorandum and related documents have been coordinated with the City Attorney's Office, the City Manager's Budget Office, and the Planning, Building, and Code Enforcement Department.

HONORABLE MAYOR AND CITY COUNCIL

May 28, 2024

**Subject: Report on Bids and Award of Contract for the 10095 - Coleman Road Sanitary Sewer Improvement Phase III Project**

Page 5

## **PUBLIC OUTREACH**

This memorandum will be posted on the City's Council Agenda website for the June 18, 2024 City Council meeting.

## **COMMISSION RECOMMENDATION AND INPUT**

No commission recommendation or input is associated with this action.

## **CEQA**

Categorically Exempt, File No. ER24-034, CEQA Guidelines Section 15302(c) for replacement or reconstruction of existing utility systems and/or facilities involving negligible or no expansion of capacity, as noted in **Attachment B** – Statement of Exemption ER24-034.

## **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](mailto:Mathew.Nguyen@sanjoseca.gov) or (408) 535-8300.

## **ATTACHMENTS:**

Attachment A – Location Map - 10095-Coleman Road Sanitary Sewer Improvement Phase III  
Attachment B – Statement of Exemption ER24-034

# ATTACHMENT A

## Location Map 10095-Coleman Road Sanitary Sewer Improvement Phase III



**STATEMENT OF EXEMPTION****FILE NO.**

ER24-034

**LOCATION OF PROPERTY**

Along Coleman Road between Sentinel Street and Redmond Avenue (within public Right-of-Way)

**PROJECT DESCRIPTION**

The City's Public Works Department proposes to upsize approximately 866 linear feet of existing 8-inch diameter VCP sewer main to 14-inch diameter HDPE sewer main, and also to install approximately 1,019 linear feet of new 14-inch diameter HDPE sewer main to improve the capacity of the City's sanitary sewer system along Coleman Road between Sentinel Street & Redmond Avenue.

**CERTIFICATION**

Under the provisions of Sections 15302. Replacement or Reconstruction 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.

**15302. Replacement or Reconstruction**

Class 2 consists of replacement or reconstruction of existing structures and facilities where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced, including but not limited to:

- (c) Replacement or reconstruction of existing utility systems and/or facilities involving negligible or no expansion of capacity.

**BACKGROUND**

This project will involve upsizing approximately 866 linear feet of existing 8-inch diameter VCP sewer main to 14-inch diameter HDPE sewer main, and installation of approximately 1,019 linear feet of new 14-inch HDPE sewer main along Coleman Avenue, between Sentinel Street and Redmond Avenue. The upsizing and new lines are intended to accommodate planned future growth consistent with the City's Envision San José 2040 General Plan.

All proposed work would occur within the City's right-of-way under existing paved surfaces. The project will not significantly change the existing capacity of the underground sewer lines and does not involve substantial changes to the physical environment. This project involves negligible expansion of an existing use. For these reasons, the proposed physical changes to the project site would not result in new significant impacts. Therefore, this project qualifies for CEQA Section 15302.

*Exceptions:*

CEQA Guidelines Section 15300.2 provides exceptions to the use of Categorical Exemptions where the use of a



Categorical Exemption is prohibited under certain circumstances. The City has considered the projects applicability to all of the exceptions under Section 15300.2. An analysis of each of these exceptions in reference to this specific 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) states 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 pertain to Class 2 exemptions and therefore the project will not impact an environmental resource of hazardous or critical concern.
- (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 and negligible expansion of underground water lines. It has been determined that the project will not cumulatively impact traffic, noise, air quality, or water quality.
- (c) Significant Effect. The project would not result in any significant effects on the environment due to unusual circumstances. The project proposes replacement and negligible expansion of underground sewer lines in a developed area. For these reasons, the proposed project site does not have any unusual circumstances that would negatively impact the environment.
- (d) Scenic Highways. The project is not located adjacent to or visible from a designated scenic highway. Therefore, the project is not subject to 15300.2(d).
- (e) Hazardous Waste Sites. The project site is not included on the list compiled pursuant to Section 65962.5 of the Government Code.
- (f) Historical Resources. This project will not impact historical resources located on the proposed project site; therefore, Section 15300.2(f) does not apply.

Christopher Burton, Director  
Planning, Building and Code Enforcement



Deputy

Date 2/29/2024

Cort Hitchens, Planner III