

## **2.12 Actions Related to the 10371 – Aborn Main Replacement Project.**

### **Recommendation:**

(a) Accept the report on bids and award of contract for the 10371 – Aborn Main Replacement project to the lowest, responsive, and responsible bidder, DPI, Inc., in the amount of \$1,568,729.

(b) Approve a 10% contingency in the amount of \$156,873.

CEQA: Exempt, File No. PP17-050, CEQA Guidelines Sections 15301 Existing Facilities and Section 15302 Replacement or Reconstruction. Council District 8. (Environmental Services)



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Lori Mitchell

**SUBJECT:** See Below

**DATE:** August 19, 2024

Approved

Date:

8/29/24

**COUNCIL DISTRICT: 8**

**SUBJECT: Actions Related to the 10371 – Aborn Main Replacement Project**

## **RECOMMENDATION**

- a) Accept the report on bids and award of contract for 10371 – Aborn Main Replacement project to the lowest, responsive and responsible bidder, DPI, Inc., in the amount of \$1,568,729.
- b) Approve a 10% contingency in the amount of \$156,873.

## **SUMMARY AND OUTCOME**

The award of the contract to DPI, Inc. will allow for the replacement of a water main and services to provide the continued reliable delivery of water to San José Municipal Water System customers. Approval of a 10% contingency will provide funding for any unanticipated work or unforeseen conditions that may arise during construction.

## **BACKGROUND**

The 10371-Aborn Main Replacement Project (project) is part of San José Municipal Water System's ongoing steel and asbestos cement water main replacement program. The project will replace old asbestos cement pipes with new ductile iron pipes on Aborn Road between South White Road and Janelle Road. The existing pipeline was constructed in the 1980s and is nearing the end of its useful life. The new pipeline will be installed parallel to the existing pipeline and will improve overall system resiliency.

## **ANALYSIS**

The project was advertised for bid and a total of four bids were received and opened on July 11, 2024 with the following results.

Contractor	City	Bid Amount	Variance Over/(Under)	
			Amount	Percent
Engineer's Estimate	--	\$1,776,700	--	--
DPI, Inc.	Livermore	\$1,568,729	(\$207,971)	(12%)
Basset Engineering (non-responsive)	San Francisco	\$2,046,208	\$269,508	15%
Ranger Pipelines, Inc.	San Francisco	\$2,129,340	\$352,640	20%
Pacific Underground Construction, Inc.	San José	\$2,157,845	\$381,145	21%

The bids received had a variation of approximately -12% to 21% from the Engineer's Estimate. DPI, Inc., from Livermore, California, was the lowest responsive bidder in the amount of \$1,568,729, which is 12% under the Engineer's Estimate. Staff recommends award of the construction contract to the lowest responsive bidder, DPI, Inc., whose bid has been reviewed, analyzed, and found acceptable.

#### *Contingency*

San José Municipal Code Section 27.04.050 provides that the contingency for all public works contracts (except those involving the renovation of a building or buildings) cannot exceed 10% of the total contract amount. Staff recommends a 10% contingency totaling \$156,873, which should be sufficient to account for unforeseen conditions that might arise in the construction.

#### *Wage Theft Prevention Policy Check*

The Office of Equality Assurance reviewed DPI, Inc. for compliance with the City's Wage Theft Prevention Policy on July 11, 2024 and on August 27, 2024. No wage theft issues were identified.

#### *Project Labor Agreement Applicability*

The City's Project Labor Agreement is applicable to this project as the Engineer's Estimate is over \$1.21 million.

#### *Local and Small Business Analysis*

The recommended contractor is not a local or a small business enterprise.

### **EVALUATION AND FOLLOW-UP**

No additional follow-up actions with the City Council are expected at this time.

**COST SUMMARY/IMPLICATIONS**

The funding source for this project is the Water Utility Capital Fund. The 2024-2025 Adopted Capital Budget includes a budget of \$1,900,000 for this project. A rebudget of approximately \$3.8 million of unexpended 2023-2024 funds is planned for this project as part of the 2023-2024 Annual Report process, for a total 2024-2025 allocation of approximately \$5.7 million.

1.	<b>TOTAL COST OF PROJECT</b>	
	Project Delivery*	\$815,000
	Construction	\$1,568,729
	Contingency	\$156,873
	<b>TOTAL PROJECT COSTS</b>	<b>\$2,540,602</b>

\*Project Delivery includes \$330,000 for planning and design services and \$485,000 for construction management and inspection services.

2.	<b>COST OF CONTRACT</b>	
	Construction	\$1,568,729
	Contingency	\$156,873
	<b>TOTAL CONTRACT AMOUNT</b>	<b>\$1,725,602</b>

3. **SOURCE OF FUNDING:** 500 – Water Utility Capital Fund

4. **FISCAL IMPACT:** Approval of the recommended action will have no impact on the Water Utility Fund or General Fund operating budgets.

**BUDGET REFERENCE**

The table below identifies the fund and appropriations proposed to fund the contract recommended as part of this memorandum and remaining project costs, including project delivery, construction, and contingency costs.

Fund #	Appn #	Appropriation Name	Total Appropriation	Amount for Contract	2024-2025 Proposed Capital Budget Page*	Last Budget Action (Date, Ord. No.)
500	410Q	Annual Water Main Replacement	\$1,900,000	\$1,725,602	217	6/18/2024; 31102

\*The 2024-2025 Adopted Capital Budget was approved on June 11, 2024 and adopted on June 18, 2024 by the City Council.

HONORABLE MAYOR AND CITY COUNCIL

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### **COORDINATION**

This project and memorandum were coordinated with the City Attorney's Office, the City Manager's Budget Office, and the Finance Department.

### **PUBLIC OUTREACH**

This memorandum will be posted on the City's Council Agenda website for the September 10, 2024 City Council meeting.

### **COMMISSION RECOMMENDATION AND INPUT**

No commission recommendation or input is associated with this action.

### **CEQA**

Exempt, File No. PP17-050, CEQA Guidelines Section 15301, Existing Facilities; Section 15302 Replacement or Reconstruction.

### **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/

Lori Mitchell

Acting Director, Environmental Services

For questions, please contact Jeffrey Provenzano, Assistant Director, Environmental Services, at (408) 277-3671.