



Legislation Text

File #: 18-110, **Version:** 1

Staff Report for a Resolution to Award a Construction Contract to McGuire and Hester; Authorizing the City Manager to Negotiate and Approve Change Orders Up to 5% Individually, and 25% Cumulatively, of the Contract Amount; and City Council Approval to Appropriate \$1,350,000 from the Water Pollution Control Plant Enterprise Fund Balance for the Water Pollution Control Plant Asphalt Replacement Project, Project No 2015.0260

SUMMARY AND RECOMMENDATIONS

This contract provides for repaving areas at the City's Water Pollution Control Plant (WPCP) site, which were not repaved as part of the WPCP Rehabilitation Project, and for installation of water and compressed air underground service piping.

Staff recommends the following actions:

- Award a construction contract to McGuire and Hester in the amount of \$1,605,700 for the subject project;
- Authorize the City Manager to negotiate and approve individual change orders up to 5% (or \$80,285) of the original contract amount;
- Authorize the City Manager to negotiate and approve change orders up to a cumulative value of 25% (or \$401,425) of the original contract amount; and
- Appropriation from the WPCP Enterprise Fund in the amount of \$1,350,000 for the subject project.

BACKGROUND

The Water Pollution Control Plant (WPCP) is a thirty acre facility at the western end of Davis Street that treats sewage from approximately half the City. The recently completed WPCP Rehabilitation project made improvements to many of the structures on site, including the replacement of approximately one third of the onsite pavement. This new project will address the remaining deteriorated pavement surfaces.

This project will repair or replace approximately three acres of asphalt pavement and install about 1,300 linear feet of joint utility trench to provide compressed air and water to sixteen locations. The project is intended to improve the pavement and drainage conditions at the facility. The project will also improve efficiency at the facility by providing easier access to compressed air and water used for maintaining and operating the onsite equipment.

This is the second bid for this project. The first bid for the project was on August 10, 2017, with the low and only bid being \$1.5 million above the engineer's pre-bid estimate. The engineer's pre-bid estimate was \$1,050,705, while the low bid was \$2,559,000. Because there was only one bidder,

and the bid amount was \$1.5 million above the engineer's estimate, staff recommended that the City Council reject all bids. To ensure that the City receives fair bids, staff made some changes to the construction documents and rebid the project. The changes included an expansion to the scope of the project reflecting additional analysis from WPCP staff.

Analysis

Bids were opened on February 15th, 2018 with two contractors submitting bids, which ranged between \$1,605,700 and \$2,583,825. McGuire and Hester submitted the lowest responsive bid of \$1,605,700. The pre-bid engineer's estimate for construction is \$1,630,612.50. Staff determined that McGuire and Hester is the lowest responsible bidder. Staff verified that the contractor has a valid license with the Contractor's State License Board and is registered with the California Department of Industrial Relations.

Neither bidder has an office in San Leandro that would qualify them as a local business per the Local Inclusion Policy Ordinance, nor did they meet the Local Business Participation Goal of 25% by subcontracting with San Leandro businesses for 25% of the contract value. However, both bidders provided documentation that demonstrated completion of the required good faith efforts to meet the local business participation goal.

This project is subject to the provisions of the Community Workforce Agreement (CWA) and both bidders signed the Community Workforce Agreement commitment form.

As is standard in the construction industry, staff balanced site investigation costs with the risk of finding unforeseen conditions during construction as well as the design costs with the level of detail on the plans. As a result, unforeseen conditions may be encountered during construction and plan details may need to be adjusted or clarified. In order to minimize delay to the project and ensure that the scope of work is adjusted as needed to provide the highest quality project for the City, staff requests that the City Council authorize the City Manager, or his designee to negotiate and approve individual change orders up to 5% (or \$80,285) of the original contract amount, and change orders up to a cumulative value of 25% (or \$401,425) of the original contract amount. Due to known unstable subgrade conditions and shallow plant utilities within the work area, a higher contingency of 25% is recommended for this project.

A supplementary allocation of \$1,350,000 from the Water Pollution Control Plant Enterprise fund is requested for this project because the project does not currently have sufficient funds in the budget. This additional funding will cover the cost of utility line installation that was not in the original project budget or scope as well as the cost of cement treatment for the subgrade that was added to eliminate soil off haul.

Current Agency Policies

- Maintain and enhance San Leandro's infrastructure

Previous Actions

- On June 3, 2013, by Resolution No. 2013-072, the City Council approved funding for the

project.

- On September 18, 2018, by Resolution No. 2017-131, the City Council rejected bids from the August 10, 2017 bid opening.

Applicable General Plan Policies

- *Policy CSF 6.4: Wastewater Collection and Treatment.* Maintain efficient, environmentally sound, and cost-effective wastewater collection and treatment services in San Leandro.
- *Policy CSF 6.8: Maintenance.* Ensure that sufficient funding is provided for the ongoing maintenance of City-owned facilities, including streets, street lights, traffic signals, landscaping, street trees, storm drains, public buildings and other infrastructure.

Environmental Review

This project is categorically exempt from the California Environmental Quality Act (CEQA) per Section 15301(c) of the CEQA guidelines. The Notice of Exemption was filed with the Alameda County Recorder on March 24, 2017.

Summary of Public Outreach Efforts

- The Notice to Bidders was published in the Daily Review, the South County Post, Visión Hispana and the World Journal.
- Staff also notified twenty-one builders' exchanges and construction data firms as well as a list of contractors that asked to be notified of bidding opportunities via email.

Two mandatory pre-bid meetings were held on January 25th and January 29th, 2018. The intent of these meetings was to inform bidders of the project details including the City's Local Inclusion Ordinance and Community Workforce Agreement.

Fiscal Impacts

The total project cost is estimated at \$2,210,000 as follows:

Design and Bid:		\$25,000
Consulting Services (Survey, Geotechnical, Environmental):	\$120,500	
Construction Contract:	\$1,605,700	
Construction Management and Inspection:	\$57,375	
<u>Construction Contingency:</u>		<u>\$401,425</u>
Total:	\$2,210,000	

Budget Authority

The project is funded as follows:

<u>Account No.</u>	<u>Reso, Appropriate Dates & Source</u>	<u>Amount</u>
<i>Current appropriation:</i>		

593-52-258 Reso. 2013-072, FY 2014-15 Budget document
 WPCP Enterprise Fund \$860,000

Appropriation requested via this action:

<u>WPCP Enterprise Fund</u>	<u>\$1,350,000</u>
Total Project Appropriation:	\$2,210,000

Attachment to Staff Report

- *Bid Summary*

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