



# COUNCIL REPORT

**DATE:** February 24, 2026

**CATEGORY:** Consent

**DEPT.:** Public Works

**TITLE:** **Miramonte Pump Station Improvements, Phase 2, Project 23-43–Appropriation and Construction Contract Award**

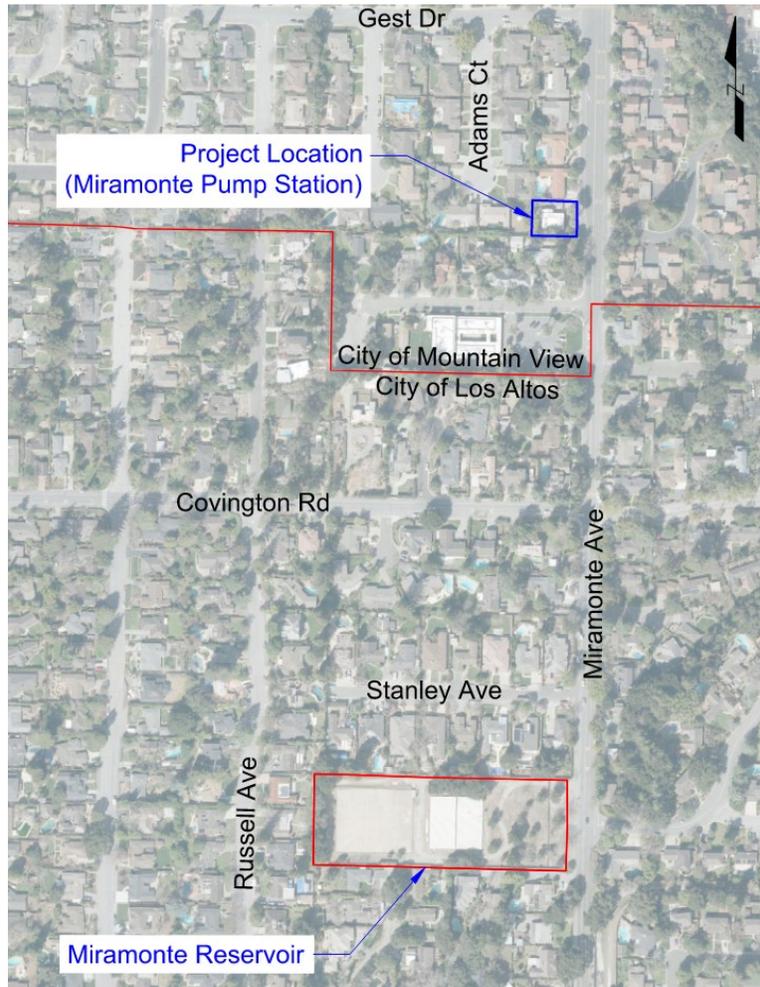
## **RECOMMENDATION**

1. Transfer and appropriate \$1,000,000 from the Water Fund to Miramonte Pump Station Improvements, Phase 2, Project 23-43, increasing the project budget from \$4,103,000 to \$5,103,000. (Five votes required)
2. Authorize the City Manager or designee to award a construction contract to Anderson Pacific Engineering Construction, Inc. for \$2,830,000, which includes a \$320,260 contingency.

## **BACKGROUND**

The Miramonte Pump Station, located at 1960 Miramonte Avenue (see Figure 1), serves the southernmost portion of the City (Zone 3). It helps to maintain water system pressure in Zone 3 and ensures adequate fire flow demand throughout the area. The main source of water for Zone 3 comes from the Santa Clara Valley Water District (Valley Water). In the event of a supply disruption from Valley Water, the Miramonte Pump Station, in conjunction with the Miramonte Reservoir and Graham Pump Station, maintains water service to Zone 3.

In 2022, Valley Water notified the City of their plans to inspect, assess, and rehabilitate portions of their 9.1 mile-long West Pipeline, requiring an interruption to the water supply to the City from November 2024 to April 2025. Recognizing the critical role of the Miramonte Pump Station in maintaining water service during Valley Water's planned shutdown, a capital improvement project was developed for needed upgrades. Subsequently, on [October 25, 2022](#), City Council approved a professional design services agreement with Hydrosience Engineers, Inc. to provide design and construction support services for Miramonte Pump Station Improvements, Project 23-43.



**Figure 1: Project Location Map**

During design development, it became evident that long procurement lead times for electrical equipment would delay construction completion beyond the originally anticipated Valley Water shutdown schedule. To mitigate this, the project was divided into two phases. Phase 1 focused on procuring and installing critical electrical components within the existing infrastructure to ensure operational reliability during the Valley Water shutdown. Phase 2 consists of the remaining electrical system upgrades, limited mechanical equipment upgrades (pipe coating, air relief valves and associated appurtenances), and site improvements.

Valley Water later updated their shutdown schedule to occur in two phases: November 2025 to April 2026 and November 2026 to April 2027.

## **ANALYSIS**

### **Phase 1 Construction Summary**

Phase 1 construction began in summer 2024 with submittal review of the Remote Terminal Unit (RTU), which is used for monitoring and controlling equipment and had the longest procurement time (approximately six months). During early 2025 while awaiting equipment delivery and as installation planning progressed, staff identified schedule risks related to transferring programming from the existing RTU due to the age of the equipment and the use of a legacy programming system. Further evaluation determined that the programming subcontractor had limited experience with the legacy system, which would require additional coordination and extension of the Phase 1 construction schedule. To mitigate this risk and avoid potential impacts to water service, staff elected to perform the RTU programming transfer in-house based on prior experience with both the existing and new RTU systems. In addition, the construction sequencing and operation approach were modified to avoid a complete pump station shutdown during Phase 1. While this coordination with the contractor extended the Phase 1 construction schedule, it reduced overall project risk.

Installation of the RTU and variable flow drives was completed in October 2025 prior to the Valley Water pipeline shutdown. Overall, Phase 1 construction was completed successfully, and the water system is functioning well during the current shutdown of the Valley Water supply.

### **Phase 2 Council Actions and Bidding Results**

While Phase 1 work was underway, on [April 22, 2025](#), the City Council took the following actions to advance the Miramonte Pump Station Improvements, Phase 2, Project, 23-43 (Phase 2):

- Found the project categorically exempt under the California Environmental Quality Act;
- Appropriated \$1,313,000 from the Water Fund to fully fund the project;
- Approved the Phase 2 plans and specifications and authorized staff to advertise the project for construction bids;
- Authorized the City Manager or designee to award the construction contract to the lowest responsive, responsible bidder if bids were within the approved project budget;
- Authorized the City Manager or designee to amend and increase the professional services agreement with the project designer, HydroScience, by \$30,000 for a total amount not to exceed \$382,000; and

- Authorized the City Manager or designee to execute a professional services agreement with Tanner Pacific, Inc. to provide construction engineering services for a not-to-exceed amount of \$301,000.

Due to the Phase 1 construction delays and the need to complete Phase 1 before initiating Phase 2, advertising of Phase 2 was deferred until December 2025.

Phase 2 was advertised for bids on December 10, 2025, and five bids were received on January 22, 2026. The lowest bid was submitted by Anderson Pacific Engineering Construction, Inc. (Anderson Pacific) in the amount of \$2,773,740, which included \$264,000 for construction contingency. This amount exceeded the Engineer's Estimate of \$1,980,000 by \$793,740.

Material pricing volatility and the limited availability of electrical equipment are major contributing factors to the higher costs. Notably, the bid item for the motor control center and automatic transfer switch replacement (components that provide power for the electrical system) averaged approximately \$1.2 million across all five bids, compared to the Engineer's Estimate of \$270,000 for this item. These conditions indicate elevated cost and procurement risk for key electrical components.

Given the current market conditions with continuously rising costs for materials and labor and the magnitude of the bid variance from the Engineer's Estimate as well as the coordination needed with the Valley Water pipeline shutdown, staff recommends increasing the construction contingency to better account for unforeseen conditions that may arise during construction. Staff recommends increasing the construction contingency to 13 percent of the base bid to provide flexibility to manage the elevated risks associated with electrical, mechanical, and control system integration. Any unused contingency at the completion of the project would be returned back to the Water fund.

Staff evaluated two options for moving Phase 2 forward:

1. Award the contract to Anderson Pacific as the lowest responsive, responsible bidder; or
2. Reject all bids and rebid Phase 2.

Staff does not recommend rebidding the project for the following reasons:

- Several electrical components have long procurement lead times, ranging from 24 to 60 weeks. Rebidding would further delay project completion.
- Five bids were received and the lowest and second lowest bids were within six percent of each other, indicating consistency with current labor, material, and market conditions.

- Rebidding the project could result in higher bids due to continuous material and labor cost escalation.

Based on these factors, staff recommends awarding the construction contract to Anderson Pacific with an increased construction contingency of \$320,260, for a total not-to-exceed amount of \$2,830,000.

If the recommended actions are approved, construction is expected to begin in summer 2026 with early work focused on submittal review and ordering of materials and equipment. On-site construction will follow equipment delivery. Construction activities that impact pump station operation will not occur during the second Valley Water shutdown planned between November 2026 and April 2027, and overall construction is anticipated to be completed by the end of 2027.

**FISCAL IMPACT**

Miramonte Pump Station Improvements, Project 23-43, is currently funded with \$4,103,000 from the Water Fund. Based on the recommended construction contract and updated administrative cost estimates, the total projected cost of the project is \$5,103,000, as summarized in Table 1 below.

**Table 1: Project Costs**

Construction, Phase 1 – Critical Components	\$ 800,000
Construction and Contingency, Phase 2	2,830,000
Project Management	164,000
Design Consultant Services	382,000
Construction Management and Inspection	350,000
Permitting, Project Contingency, and Miscellaneous	<u>265,000</u>
 Subtotal	 \$ 4,791,000
 City Administration	 <u>312,000</u>
 <b>Total Project Cost</b>	 <b>\$ 5,103,000</b>
 Current Project Budget	 <u>\$ 4,103,000</u>
 <b>Budget Shortfall</b>	 <b><u>\$ 1,000,000</u></b>

To fully fund the project and award the recommended contract, staff requests an appropriation of \$1,000,000 from the Water Fund. There is sufficient available balance in the Water Fund to support the recommended appropriation.

### **LEVINE ACT**

California Government Code Section 84308 (also known as the Levine Act) prohibits city officials from participating in any proceeding involving a “license, permit, or other entitlement for use” if the official has received a campaign contribution exceeding \$500 from a party, participant, or agent of a party or participant within the last 12 months. The Levine Act is intended to prevent financial influence on decisions that affect specific, identifiable persons or participants. For more information see the Fair Political Practices Commission website: [www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html](http://www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html)

Please see below for information about whether the recommended action for this agenda item is subject to or exempt from the Levine Act.

### **EXEMPT FROM THE LEVINE ACT**

Competitively bid contract

### **CONCLUSION**

The Miramonte Pump Station Improvements are critical to maintaining reliable water service and system resilience for Zone 3, particularly during planned Valley Water supply shutdowns. Phase 1 improvements have been successfully completed and are performing as intended during the current Valley Water service interruption. Phase 2 will complete the remaining electrical and mechanical upgrades needed for long-term operational reliability.

Given current market conditions, long-lead electrical equipment, and the consistency of the bids received, staff recommends awarding the Phase 2 construction contract to the low bidder, Anderson Pacific with an increased construction contingency. Approval of the recommended actions, including the requested Water Fund appropriation, will allow the City to proceed with the project to maintain water service to the community and avoid further schedule delays.

### **ALTERNATIVES**

1. Do not approve the recommended funding actions; reject the bid, and direct staff to rebid the project.
2. Provide other direction.

**PUBLIC NOTICING** – Agenda posting

Prepared by:

Toni Eguilos  
Associate Civil Engineer

Reviewed by:

Tina Tseng  
Principal Civil Engineer–Engineering and  
Environmental Compliance

Lisa Au  
Assistant Public Works Director

Approved by:

Jennifer Ng  
Public Works Director

Audrey D. Seymour  
Assistant City Manager