



DATE: May 8, 2018

CATEGORY: Consent

DEPT.: Public Works

TITLE: **Annual Water and Sewer Main Replacements, Projects 16-21 and 16-22 – Amend Project Budget and Award Construction Contract**

RECOMMENDATION

1. Authorize the transfer and appropriation of \$140,000 from Miscellaneous Water Main/Service Line Replacement, Project 17-21, to Miscellaneous Water Main/Service Line Replacement, Project 16-21. (Five votes required)
2. Authorize the transfer and appropriation of \$140,000 from Miscellaneous Storm/Sanitary Sewer Main Replacement, Project 17-22, to Miscellaneous Storm/Sanitary Sewer Main Replacement, Project 16-22. (Five votes required)
3. Award the construction contract for Annual Water and Sewer Main Replacements, Projects 16-21 and 16-22, to K. J. Woods Construction, Inc. for \$5,188,000.

BACKGROUND

Annual Water and Sewer Main Replacements, Projects 16-21 and 16-22, are infrastructure maintenance projects that replace substandard or end-of-service-life water mains, sewer mains, and service laterals. The water and sewer mains are selected for replacement based on age of the pipe, maintenance history, failure history, and capacity considerations.

The recommended construction contract includes: replacement of approximately 5,600 linear feet of water mains and 4,600 linear feet of sewer mains on Boranda Avenue, Begen Avenue, Bond Way, Crane Avenue, Gantry Way, and Cuesta Drive; installation of a new water main through Rengstorff Park to increase system reliability; and replacement of sanitary sewer laterals serving the Crittenden Park restroom and future Wyandotte Park.

ANALYSIS

On March 6, 2018, the City Council approved plans and specifications and authorized bidding for the Annual Water and Sewer Main Replacements, Projects 16-21 and 16-22. The City received five bids on April 4, 2018 as listed below.

Rank	Contractor	Total Bid Amount
	Engineer's Estimate	\$4,200,000
1	K. J. Woods Construction, Inc.	\$5,188,000
2	Ranger Pipelines, Inc.	\$5,261,760
3	Cratus, Inc.	\$5,600,150
4	Pacific Underground, Inc.	\$6,418,750
5	JMB Construction, Inc.	\$6,877,060

After review of the bids, staff determined K. J. Woods Construction, Inc. is the lowest responsive bidder. The low bid is \$988,000, or 23.5 percent, higher than the Engineer's Estimate.

Based on a bid analysis comparing bid items in the Engineer's Estimate and the actual bids, staff believes that the increased costs are due to the rise of construction and labor costs associated with the busy construction market. Additionally, the number and amounts of the bids demonstrate the costs are competitive in the current market. Therefore, staff recommends awarding the construction contract.

Based on the low bid, the project budget is as follows:

Construction	\$4,688,000
Construction Contingency (10%)	500,000
City Construction Management and Inspection	200,000
Printing and Other Miscellaneous	<u>5,000</u>
Subtotal	5,393,000
City Administration @ 6.5%	<u>351,000</u>
TOTAL PROJECT COST	5,744,000
Current Project Budget	<u>5,464,000</u>
PROJECT BUDGET SHORTFALL	\$ <u>280,000</u>

FISCAL IMPACT

As shown in the table below, the project budgets for the larger projects - 16-21 Annual Water Main Replacement and 16-22 Annual Sanitary Sewer Main Replacement - are \$3,693,000 and \$2,928,000, respectively. After expenditures on design of water and sewer main replacements on Leong Drive (a separate project), the available balances are \$3,313,000 and \$2,151,000, respectively. In order to have sufficient funding for the construction contract, City construction management and inspection along with miscellaneous costs, additional funding is required.

	CIP 16-21	CIP 16-22	Total
Approved Project Budget	\$3,693,000	\$2,928,000	\$6,621,000
Leong Drive Expenditures	<u>(380,000)</u>	<u>(777,000)</u>	<u>(1,157,000)</u>
Available Funds	3,313,000	\$2,151,000	\$5,464,000
Low Bid	(3,117,000)	(2,071,000)	(5,188,000)
City Administration & Other Costs	<u>(336,000)</u>	<u>(220,000)</u>	<u>(556,000)</u>
FUNDING NEEDS	<u>(\$140,000)</u>	<u>(\$140,000)</u>	<u>(\$280,000)</u>

Staff recommends transferring \$140,000 from each of the Miscellaneous Water Main/Service Line Replacement, Project 17-21, and the Miscellaneous Storm/Sanitary Sewer Main Replacement, Project 17-22, to cover the project shortfall of \$280,000.

If the recommendations are approved, the project will be funded with \$3,833,000 from the Water Fund and \$3,068,000 from the Wastewater Fund for a total project budget of \$6,901,000.

ALTERNATIVES

1. Direct staff to reduce project scope and readvertise the project for bids.
2. Provide other direction.

PUBLIC NOTICING – Agenda posting.

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