



JOINT REPORT

DATE: January 28, 2025

CATEGORY: Consent

DEPT.: Public Works

TITLE: **Water and Sewer Main Replacement at U.S. 101, Project 20-41—Additional Appropriation and Amend Construction Contract**

RECOMMENDATION

1. Acting in its capacity as Board of Directors of the Shoreline Regional Park Community, appropriate and transfer a total of \$1,113,000 from the Shoreline Regional Park Community Fund to Water and Sanitary Sewer Main Replacement Crossing U.S. 101, Construction, Project 20-41.
2. Transfer and appropriate \$371,000 from the Waste Capacity Fund and \$371,000 from the Wastewater Capacity Fund to Water and Sanitary Sewer Main Replacement Crossing U.S. 101, Construction, Project 20-41. (Five votes required)
3. Acting in the joint capacity as the City Council and Board of Directors of the Shoreline Regional Park Community, authorize the City Manager and Community Manager, or their respective designees to amend the construction contract with K. J. Woods Construction, Inc., for Water and Sanitary Sewer Main Replacement at U.S. 101, Project 20-41, to add \$1,700,000 to the contingency budget for a total contract amount of \$11,518,000. Approximately 16% of the total project costs will be funded by the Shoreline Regional Park Community Fund.

BACKGROUND

The Water and Sanitary Sewer Main Replacement Crossing U.S. 101 project will replace existing major water and sewer pipelines that cross U.S. 101 under Macon Avenue and Shoreline Boulevard. Implementation of this project will increase redundancy to the North Bayshore Area, improve maintenance access to City utilities, and provide sewer capacity for areas outside of North Bayshore. The Macon Avenue water main crossing was constructed in 2020 ahead of the Shoreline Boulevard crossings to allow the water main work to be installed prior to completion of Microsoft's new buildings at 1075 La Avenida (location shown in Figure 1).

The utility mains crossing U.S. 101 at Shoreline Boulevard will connect to the new water and sewer mains installed in 2023 by the developer at 1001 North Shoreline Boulevard under a

reimbursement agreement with the City. Upon completion of the planned Shoreline Bus Lane and Utility Improvement, Project 18-43, which includes new and upsized water and sewer mains on Shoreline Boulevard from West Middlefield Road to 1001 North Shoreline Boulevard, the existing water and sewer mains crossing under U.S. 101 will be abandoned.

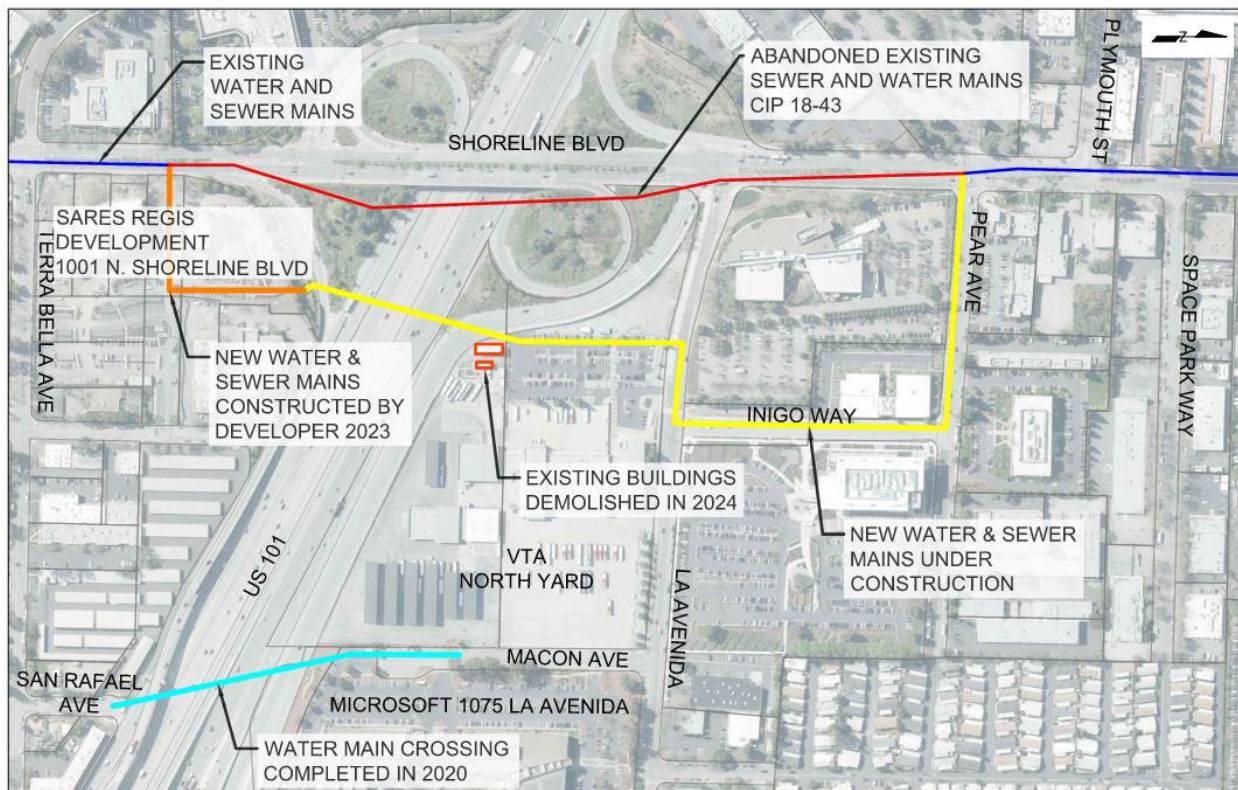


Figure 1: Project Location

On [June 27, 2023](#), the City Council approved the award of the construction contract to the lowest responsive and responsible bid that was within the project budget. The project will install approximately 3,700 linear feet of water main and 3,100 linear feet of sewer main. Figure 1 outlines the new pipeline alignments, including through the Valley Transportation Authority (VTA) North Yard property.

The construction contract was awarded to K. J. Woods Construction, Inc. (KJW), on November 17, 2023 in the amount of \$9,818,000, which includes an \$851,000 contingency. Project construction is progressing, with the majority of open trench and pipeline installation work along La Avenida, Inigo Way, and Pear Avenue now completed. Microtunneling for the sewer main beneath U.S.101 has also been successfully finished. Remaining construction activities include microtunneling for the new water main beneath U.S. 101 and trenching across VTA's North Yard to La Avenida.

ANALYSIS

Following the award of the construction contract, additional work items arose due to the U.S. Environmental Protection Agency (EPA) requirements for further soil and groundwater data collection, stemming from elevated polychlorinated biphenyls (PCBs) contamination recently identified at the VTA’s North Yard. In response to this unforeseen soil contamination, staff has coordinated with the EPA and secured approvals to continue work within the VTA North Yard. Despite the City’s expedited efforts, contract delays were unavoidable as excavation activities could not commence without EPA authorization. The EPA’s requirements include pre-excavation and post-excavation soil and groundwater sampling, testing, and disposal of all excavated materials. These stipulations, detailed in the EPA’s approval notices, have added complexity and contributed to delays in the construction timeline. Furthermore, a pre-excavation soil analysis determined that approximately 700 cubic yards of soil must be disposed at an approved Toxic Substances Control Act (TSCA) facility. This disposal is particularly costly due to stringent TSCA requirements and special handling fees.

The existing construction contingency does not have sufficient funding to cover the increased costs to comply with the EPA’s requirements. An amendment to the construction contract to add \$1,700,000 to the contingency budget is requested to complete the project. The recommended amendment increases KJW’s total not-to-exceed contract amount to \$11,518,000.

FISCAL IMPACT

The estimated project construction costs for the Shoreline Boulevard water and sewer main replacements at U.S. 101 along with other project costs are as follows:

Table 1: Project Construction Costs

Construction of Macon Avenue Water Main (completed)	\$1,700,200
Construction Contract (includes contingency)	9,818,000
Recommended Construction Contract Amendment	1,700,000
Project Management	100,000
Construction Management and Inspection	80,000
Construction Consultant Services	629,300
Permitting and Miscellaneous	499,850
1001 North Shoreline Boulevard Reimbursement Agreement	4,200,000
Utility Easement (through VTA North Yard)	<u>1,600,000</u>
SUBTOTAL	\$20,327,350
City Administration	<u>1,322,000</u>
TOTAL PROJECT COST	<u>\$21,649,350</u>
Current Construction Budget	19,794,350
Budget Shortfall	\$1,855,000

Water and Sanitary Sewer Main Replacement Crossing U.S. 101, Construction, Project 20-41, is funded by the following sources:

Table 2: Funding Sources

Source	Amount
Wastewater Debt Proceeds	\$ 4,928,350
North Bayshore Water Development Impact Fees	3,412,000
Water Fund	2,979,000
Wastewater Fund	2,930,500
Water Capacity Fees	2,696,000
Shoreline Regional Park Community Fund	2,334,500
Wastewater Capacity Fees	500,000
North Bayshower Sewer Development Fees	14,000
Total	<u>\$ 19,794,350</u>

As shown in Table 1 above, Project 20-41 has funded the construction of the Macon Avenue water main crossing, including construction management and inspection services by TPI (\$1,700,200), the right-of-way acquisition for the utility easement through VTA North Yard (\$1,600,000), and the construction of water and sewer main through the 1001 North Shoreline Boulevard development via a reimbursement agreement with the developer (\$4,200,000). A shortfall of \$1,855,000 is attributed to the unforeseen EPA-mandated PCB sampling, testing, and disposal requirements and City administration costs.

To fund the construction contract amendment and ensure compliance with the EPA’s requirements, staff recommends transferring and appropriating the following amounts from the respective funds listed below:

Table 3: Budget Details

Source	Original Budget	Additional Budget Request	Proposed Total Budget
Wastewater Debt Proceeds	\$4,928,350		\$4,928,350
Shoreline Regional Park Community Fund	2,334,500	\$1,113,000	3,447,500
North Bayshore Water Development Impact Fee	3,412,000		3,412,000
Water Capacity Fees	2,696,000	371,000	3,067,000

Source	Original Budget	Additional Budget Request	Proposed Total Budget
Water Fund	2,979,000		2,979,000
Wastewater Fund	2,930,500		2,930,500
Wastewater Capacity Fees	500,000	371,000	871,000
North Bayshore Wastewater Development Impact Fee	14,000		14,000
TOTAL	\$19,794,350	1,855,000	\$21,649,350

To fund the recommended amendment to the construction contract with KJW, the recommended actions would appropriate \$1,113,000 from the Shoreline Regional Park Community Fund and \$371,000 each from the Water Capacity and the Wastewater Capacity Funds to Project 20-41 for a total project budget of \$21,649,350. There are sufficient available balances in these funding sources for the recommended appropriations.

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

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

SUBJECT TO THE LEVINE ACT

- Material contract modification or amendment

CONCLUSION

Water and Sewer Main Replacements crossing U.S. 101, Construction, Project 20-41, will replace aging water main and sewer main, increase redundancy to the North Bayshore area, and improve maintenance access to City utilities. Completing the underground utility improvements is critical in advance of the planned reversible bus lane project along North Shoreline Boulevard. With Council’s approval of the recommendations, staff will be able to authorize additional budget to

K. J. Woods Construction, Inc., to stay in compliance with EPA requirements and complete construction.

ALTERNATIVES

1. Recommend funding the contract amendment amounts from other sources.
2. Provide other direction.

PUBLIC NOTICING—Agenda posting.

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