

AGENDA ITEM NO.	2D
COUNCIL MEETING	05/09/13
APPROVED BY	
	
DEPARTMENT DIRECTOR	
<i>for</i>	
	
CITY MANAGER	

Date: May 9, 2013

FROM: PATRICK N. WIEMILLER, Director 
for Department of Public Utilities

BY: STEPHEN A. HOGG, Assistant Director 
Department of Public Utilities – Wastewater Management Division

SUBJECT: ACTIONS PERTAINING TO THE SEWER REHABILITATION IN HARRISON AVENUE (BID FILE NO. 3200) (COUNCIL DISTRICT NO. 3)

1. ADOPT A FINDING OF CLASS 1 AND 2 CATEGORICAL EXEMPTIONS, PURSUANT TO SECTION 15301(b) (EXISTING FACILITIES) AND 15302(c) (REPLACEMENT OR RECONSTRUCTION) OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT GUIDELINES
2. ADOPT THE 49th ANNUAL APPROPRIATION RESOLUTION NO. 2012-125 APPROPRIATING \$3,115,300 FOR THE SEWER REHABILITATION IN HARRISON AVENUE
3. AWARD A \$2,981,106 CONTRACT TO SAK CONSTRUCTION OF CALIFORNIA, LP OF O'FALLON, MISSOURI
4. AUTHORIZE THE DIRECTOR OF PUBLIC UTILITIES OR HIS DESIGNEE TO SIGN THE CONTRACT ON BEHALF OF THE CITY

RECOMMENDATIONS

Staff recommends the City Council:

1. Adopt a finding of Class 1 and 2 Categorical Exemptions, pursuant to Section 15301(b) (existing facilities) and 15302(c) (replacement or reconstruction) of the California Environmental Quality Act (CEQA) guidelines for the Sewer Rehabilitation in Harrison Avenue.
2. Adopt the 49th Annual Appropriation Resolution (AAR) No. 2012-125 appropriating \$3,115,300 for the Sewer Rehabilitation in Harrison Avenue.
3. Award a contract in the amount of \$2,981,106 to SAK Construction of California, LP, of O'Fallon, Missouri, for the Sewer Rehabilitation in Harrison Avenue.
4. Authorize the Director of Public Utilities or his designee to sign the contract on behalf of the City.

EXECUTIVE SUMMARY

The Department of Public Utilities (DPU), Wastewater Management Division is seeking to award a Sewer Rehabilitation construction contract for a Cast in Place Pipe (CIPP) in Harrison Avenue between Olive Avenue and Merced Avenue along Harrison Avenue, H Street, E Street, San Joaquin Street and Modoc Street, a total

of 6,236 feet of 27-inch and 6,803 feet of 30-inch sewer pipe. The rehabilitation is proposed to be accomplished by installing a CIPP liner where capacity and structural deficiencies were identified. Staff recommends City Council adopt a finding of Class 1 and 2 Categorical Exemptions, pursuant to Section 15301(b) and 15302(c) of the CEQA guidelines; adopt the 49th Annual Appropriation Resolution (AAR) No. 2012-125 and award a contract in the amount of \$2,981,106 to SAK Construction of California, LP, of O'Fallon, Missouri, as the lowest responsive and responsible bidder.

BACKGROUND

In 2009 the City Council Adopted the Sewer System Management Plan (SSMP) prepared by the Department of Public Utilities (DPU), as required by the statewide General Wastewater Discharge Requirements for sanitary sewer collection systems. This plan calls for the need to perform evaluations, check design criteria, analyze capacity enhancement measures and create schedules for improvements. The SSMP utilizes the 2006 Wastewater Collection System Master Plan (Master Plan) to determine areas with inadequate sections within the sewer collection system. This Master Plan identified the sections of pipe in Harrison Avenue between Olive Avenue and Merced Avenue along Harrison Avenue, H Street, E Street, San Joaquin Street and Modoc Street as being in poor condition plus these existing 27-inch and 30-inch sewer lines were installed between 1913 to 1935 and are now aging; the condition is a result of hydrogen sulfide corrosion. DPU recommends constructing a corrosion resistant liner in the existing concrete pipe as the most cost-effective solution. The corrosion resistant liner will repair the structural integrity and prevent further deterioration caused by hydrogen sulfide corrosion.

Plans and specifications were prepared for the project. A Notice of Inviting Bids was published on March 15, 2013, posted on the City's website and faxed to seven building exchanges. The specifications were distributed to nine prospective bidders. Four sealed bid proposals were received and publicly opened on April 11, 2013. Bid proposal prices ranged from \$2,981,106 to \$4,650,601.

SAK Construction of California, LP, of O'Fallon, Missouri, was the lowest bidder with a submitted bid of \$2,981,106. Staff determination was posted on the City Website on May 9, 2013. Staff recommends that the City Council award a contract in the amount of \$2,981,106 to SAK Construction of California, LP, of O'Fallon, Missouri as the lowest responsive and responsible bidder. Their bid price is 26% below the Engineer's Estimate of \$4,010,000. This project is currently appropriated in Sewer Enterprise Fund No. 40501, however, it is being proposed to fund this project with the 2008 Sewer Enterprise bond fund No. 40525 via Annual Appropriation Resolution 49th AAR No. 2012-125 to appropriate the monies in Fund No. 40525. This request has been made as a result of the unusually favorable bidding and construction environment, in which the City has been receiving lower than anticipated bids for most projects allowing additional projects to be funded from bond proceeds. All bond proceeds from this debt issue must be expended as soon as possible to avoid possible loss of their tax exempt status.

ENVIRONMENTAL FINDING

Staff has performed a preliminary environmental assessment of this project and has determined that it falls within Class 1 and 2 Categorical Exemptions set forth in California Environmental Quality Act (CEQA) Guidelines, section 15301(b) (Existing Facilities) and 15302(c) (Replacement or Reconstruction) due to the nature of this contract involving repair and rehabilitation of existing public sewer utilities, in this case by constructing a CIPP corrosion resistant liner within the existing concrete pipe, which will involve negligible or no expansion of capacity or use. Furthermore, none of the exceptions to Categorical Exemptions set forth in the CEQA Guidelines, section 15300.2 apply to this project.

FISCAL IMPACT

This project is identified in the five year capital improvement plan and is located in Council District 3. This project has no financial impact on the general fund. Funds in the amount of \$5,000,000 for the project are appropriated in the FY2013 Sewer Enterprise Fund No. 40501. The fiscal impact of this contract will be \$3,115,276. If the Annual Appropriation Resolution No. 2012-125 is adopted via action three above this project will be funded out of the 2008 Sewer Enterprise bond fund No. 40525.

Attachments:
49th AAR No. 2012-125
Fiscal Impact Statement
Bid Evaluation
Vicinity Map

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RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF FRESNO
ADOPTING THE 49TH AMENDMENT TO THE ANNUAL APPROPRIATION
RESOLUTION NO. 2012-125 APPROPRIATING \$3,115,300 FOR THE
SEWER REHABILITATION IN HARRISON AVENUE

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FRESNO:

THAT PART III of the Annual Appropriation Resolution No. 2012-125 be and is hereby amended
as follows:

	<u>Increase/(Decrease)</u>
TO: DEPARTMENT OF PUBLIC UTILITIES	
Wastewater Operating	\$(4,844,200)
WW / SEW 2008 Bond Cap Project	3,115,300

THAT account titles and numbers requiring adjustment by this Resolution are as follows:

<u>Wastewater Operating</u>	
Retained Earnings:	
Account: 25300 Unreserved/Undesignated	<u>\$ 4,844,200</u>
Fund: 40501	
Org Unit: 413501	
Total Retained Earnings	<u>\$ 4,844,200</u>
Appropriations:	
Account: 51101 Permanent Salaries	\$ (85,000)
57301 Improvements	(4,704,200)
59117 Overhead	<u>(55,000)</u>
Fund: 40501	
Org Unit: 413501	
Project: RC00111	
Total Appropriations	<u>\$(4,844,200)</u>

Date Adopted:
Date Approved:
Effective Date:

Resolution No.

WW / SEW 2008 Bond Cap Proj

Revenues:

Account: **39301** Bond Sales Proceeds \$ 3,115,300
Fund: **40525**
Org Unit: **413501**

Total Revenues \$ 3,115,300

Appropriations:

Account: **51101** Permanent Salaries \$ 69,300
53402 Specialized Services /Tech 50,000
57507 Contract Construction 2,981,100
59117 Overhead 14,900
Fund: **40525**
Org Unit: **413501**
Project: **RC00111**

Total Appropriations \$ 3,115,300

THAT the purpose is to appropriate \$3,115,300 of bond proceeds for the sewer rehabilitation project in Harrison Avenue. This project was originally budgeted in the Wastewater Operating Fund, however due to the unusually favorable bidding and construction environment, the City received lower than anticipated bids for most projects allowing additional projects to be funded from bond proceeds.

Date Adopted:
Date Approved:
Effective Date:

Resolution No.

CLERK'S CERTIFICATION

STATE OF CALIFORNIA }
COUNTY OF FRESNO } ss.
CITY OF FRESNO }

I, YVONNE SPENCE, City Clerk of the City of Fresno, certify that the foregoing Resolution was adopted by the Council of the City of Fresno, California, at a regular meeting thereof, held on the _____ Day of _____, 2013

AYES:
NOES:
ABSENT:
ABSTAIN:

Mayor Approval: _____, 2013
Mayor Approval/No Return: _____, 2013
Mayor Veto: _____, 2013
Council Override Veto: _____, 2013

YVONNE SPENCE, CMC
City Clerk

Date Adopted:
Date Approved:
Effective Date:

Resolution No.

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FISCAL IMPACT STATEMENT

PROGRAM: SEWER REHABILITATION IN HARRISON AVENUE

<u>RECOMMENDATION</u>	<u>TOTAL OR CURRENT</u>	<u>ANNUALIZED COST</u>
Direct Cost	<u>\$2,981,106.00</u>	_____
Indirect Cost	<u>*\$134,170.00</u>	_____
TOTAL COST	<u>\$3,115,276.00</u>	_____
Additional Revenue or Savings Generated	<u>\$0.00</u>	_____
Net City Cost	<u>\$3,115,276.00</u>	_____
Amount Budgeted (If none budgeted, identify source)	_____	_____
 <u>*Indirect Costs</u>		
Inspection	<u>\$50,000.00</u>	
Administration	<u>\$19,000.00</u>	
Contract Compliance	<u>\$50,260.00</u>	
Other	<u>\$14,910.00</u>	

Annual Appropriation Resolution 49th AAR No. 2012-125

This project was budgeted for in the FY2013 Sewer Enterprise Fund No. 40501. However, this project is being transferred from Fund No. 40501 to the Bond Fund No. 40525 causing the request for the AAR to appropriate funds in FY13. This transfer is being made as a result of the unusually favorable bidding and construction environment, in which the City has been receiving lower than anticipated bids for most projects allowing additional projects to be funded from bond proceeds. All bond proceeds from this debt issue must be expended as soon as possible to avoid possible loss of their tax exempt status.

EVALUATION OF BID PROPOSALS

FOR: SEWER REHABILITATION IN HARRISON AVENUE

Bid File No. 3200
Bid Opening: 4/11/13

BIDDER'S	TOTAL NET BID AMOUNT
1. SAK Construction of CA, LP 864 Hoff Road O'Fallon MO 63366	\$2,981,106.00
2. Insituform Technologies, LLC 17988 Edison Avenue Chesterfield MO 63005	\$3,429,875.00
3. Repipe California LP 12771 Brown Avenue Riverside CA 92509	\$3,936,874.50
4. Michels Pipeline Construction 1715 16 th Street SE Salem OR 97302	\$4,650,601.00

Each bidder has agreed to allow the City sixty-four (64) days from date bids are opened to accept or reject their bid proposal. Purchasing requests that you complete the following sections and return this bid evaluation to the Purchasing Division at the latest by Wednesday, May 1, 2013 5:00 P.M.

The Engineer's Estimate for this expenditure is \$4,010,000. The contract price is 26% below the Engineer's Estimate. If the overage is greater than 10% or only one bid was received, give explanation:

BACKGROUND OF PROJECT:

In 2009 the City Council Adopted the Sewer System Management Plan (SSMP) prepared by the Department of Public Utilities (DPU), as required by the statewide General Wastewater Discharge Requirements for sanitary sewer collection systems. This plan calls for the need to perform evaluations, check design criteria, analyze capacity enhancement measures and create schedules for improvements. The SSMP utilizes the 2006 Wastewater Collection System Master Plan (Master Plan) to determine areas with inadequate sections within the sewer collection system. This Master Plan identified the sections of pipe along Harrison Avenue from Olive Avenue to H Street, H Street from Harrison Avenue to Palm Avenue, Trinity Street from G Street to E Street, E Street from Trinity Street to San Joaquin Street, and San Joaquin Street from State Route 99 to Merced Street as being in poor condition plus these existing 27-inch and 30-inch sewer lines were installed between 1913 to 1935 and are now aging; the condition is a result of hydrogen sulfide corrosion. DPU recommends constructing a corrosion resistant liner in the existing concrete pipe as the most cost-effective solution. The corrosion resistant liner will repair the structural integrity and prevent further deterioration caused by hydrogen sulfide corrosion.

EVALUATION OF BID PROPOSALS

FOR: SEWER REHABILITATION IN HARRISON AVENUE

Bid File No. 3200
Bid Opening: 4/11/13

DEPARTMENT CONCLUSIONS AND RECOMMENDATION:

Award a contract in the amount of \$2,981,106 to SAK Construction of CA, LP as the lowest responsive and responsible bidder.

Remarks:

Reject all bids. Reason:

Department Head Approval



Title Assistant Director of Public Utilities

Date 4-16-13

Approve Dept. Recommendation

Approve Finance/Purchasing Recommendation

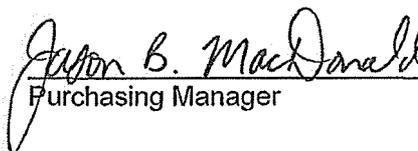
Disapprove

Disapprove

See Attachment

FINANCE DEPARTMENT

CITY MANAGER

 4/17/13
Purchasing Manager Date

 4/18/13
City Manager or Designee Date

 4/17/2013
Assistant Controller Date

