



# CITY OF HAYWARD

## AGENDA REPORT

AGENDA DATE 10/6/98

AGENDA ITEM 2

WORK SESSION ITEM \_\_\_\_\_

To: Mayor and City Council

From: Director of Public Works

Subject: **RUUS ROAD SANITARY SEWER LINE REPLACEMENT, TENNYSON ROAD INTERCEPTOR IMPROVEMENT, AND TENNYSON ROAD LIFT STATION IMPROVEMENT PROJECTS - REJECTION OF ALL BIDS.**

### RECOMMENDATION:

It is recommended that the City Council reject all bids received for the project.

### BACKGROUND/DISCUSSION:

On July 28, 1998, the City Council approved the plans and specifications for the subject project, and called for bids. Only two bids were received and the low bid was over a million dollars above the Engineer's estimate. Staff believes that re-bidding the project during the winter months when contractors are generally less busy, along with some changes in the project packaging, could result in more bids, and hopefully a more reasonable low bid. Staff therefore recommends rejection of all bids at this time. A more detailed description of the projects, and additional cost information, follow.

The sanitary sewer main at Ruus Road between Folsom Avenue and Industrial Parkway has surcharge problems during wet-weather flows. Under wet weather conditions, the sewage occasionally spills through manhole lids and onto City streets. Approximately **3,050-foot** of existing **8-inch** sewer main, identified in the Wastewater Collection System Master Plan as hydraulically deficient, will be replaced with **15-inch** sewer main to abate surcharges in the existing overloaded sanitary sewer line.

The existing sewer collection system and pumping facility serving the Tennyson Road Corridor were identified as deficient in the Wastewater Collection System Master Plan. Improvements will include (1) adding 2,110 feet of 24-inch parallel sewer line at Tennyson Road from Tyrrell Avenue and Patrick Avenue to improve the efficiency under **buildout** peak wet weather flow conditions, (2) installation of an overflow structure to interconnect the parallel sewers along Tennyson Road at the intersection of the Underwood Avenue sewer main to balance the system overflow condition, and (3) modification of existing Tennyson Lift Station to increase its capacity from 3.9 MGD to 5.1 MGD. Modification of the Tennyson Lift Station will also include the construction of a concrete block wall with 10 feet set back from the property line for landscaping, and acquisition and inclusion of a 2,655SF parcel behind the existing station.

Due to the depth of the existing sanitary sewer systems, two construction methods will be considered for this project, Micro-tunneling and Pipe Bursting. Because micro-tunneling is very specialized work, the City decided to pre-qualify interested contractors. This approach is commonly done by other agencies, such as Union Sanitary District. Six firms were pre-qualified by the City for the micro-tunneling portion.

On September 8, 1998, only two bids were received. Ranger Pipelines Inc./D'arcy & Harty Construction Inc., of San Francisco, submitted the low bid in the amount of \$4,713,400 which is 30%, or over \$1,000,000, higher than the Engineer's estimate of \$3,637,925. McGuire and Hester of Oakland submitted the second bid in the amount of \$5,266,525 which is 45%, or over \$1,600,000, above the Engineer's estimate.

The design firm for the project, HDR, was asked to review their Engineer's estimate and, as a result, confirmed that the cost estimate was generally consistent with the bids received by other agencies for similar projects over the last couple of years. However, micro-tunneling and pipe-bursting are highly specialized types of construction work. There are many variables that could affect the bid price. Estimating the cost for these type of projects is much more difficult than, say, for conventional sewer main installation. As evident in the Bid Summary, the primary area of differences with the Engineer's estimate is for the actual pipe-bursting and micro-tunneling work. While HDR estimated the cost of pipe bursting for Ruus Road main at \$215 per linear foot, the two bids stood at \$500 (low bid) and \$465 per linear foot. HDR's estimate for Tennyson Road's microtunneling was \$415, while the two bids were at \$700 (low bid) and \$775 per linear foot. These differences in unit prices for the two items, result in a gross difference of over \$1,400,000 between each of the two bids and the Engineer's estimate. After checking with the pre-qualified firms, it is apparent that they are so busy at this time that they either did not submit a subcontract bid, or submitted a much higher price compared to the recent past. In general, the strong economy and booming construction market are no doubt significantly affecting construction bid prices.

The specifications called for two "trenchless" methods for the construction work: micro-tunneling and pipe bursting. These are the ideal methods where traffic impact is a concern, and where the pipe is deep and the ground water table is high. Trenchless methods will minimize traffic impacts, and require far less excavation and trenching which usually result in higher cost. Finally, the pipe used in these trenchless methods will allow no groundwater infiltration because of strong fused joint. This is important for application where the pipe is below the groundwater table.

Tennyson Road main is located in a very busy thoroughfare, it is between 12 to 17 feet deep, and is below the groundwater table. Ruus Road is a busy street, and the main is between 12 to 19 feet deep, and is also below the groundwater table. It is highly unlikely that conventional cut and cover would be less costly, from either financial or social standpoints. HDR had previously estimated that cut and cover would cost about \$1,000,000 more than the trenchless methods specified. Nevertheless, staff will look closely at the conventional cut and cover

method for the next bid, and include it if there is a reasonable expectation that conventional methods would be competitive.

By re-bidding in the winter months, we are hoping to attract more bidders, which could result in a more reasonable low bid. Staff is also considering separating the combined projects into two or possibly three bid packages. While creating more contracts requires more administration effort, and has certain other inherent inefficiencies, it can make it possible for a larger number of contractors to bid, which again could result in a lower overall cost.

The DBE and WBE goals for this project were a combined participation of 6 percent. The low bidder claimed a combined participation of 7.25 percent.

Addenda Nos. 1, 2 and 3 were issued to provide clarifications to the plans and specifications and to delay the bid opening date at the request of several bidders. The clarifications were issued primarily to respond to questions raised during the advertisement period.

**Project Cost (based on the current low bid):**

Design & Survey	\$260,000
Contract Construction	<b>\$4,713,400</b>
Inspection & Administration	<u>\$120,000</u>
Total:	<b>\$5,093,400</b>

**Funding:**

A total of **\$3,980,000** has been appropriated for these projects in the Sewer Capital Improvement Fund and Sewer Collection System Replacement Fund in the 1998/99 Capital Improvement Program.

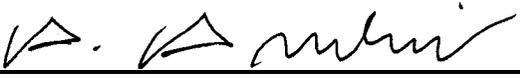
Additional funds of **\$1,120,000** would need to be appropriated if this construction contract was to be awarded to the current low bidder and, as noted above, is not recommended.

**Schedule:**

The following tentative schedule has been developed for this project (re-bid):

Advertise for Re-bids	December 1, 1998
Open Bids	January 12, 1999
Award Construction Contract	February 9, 1999
Begin Construction	March , 1999
Construction Completion	October , 1999

Prepared by:

  
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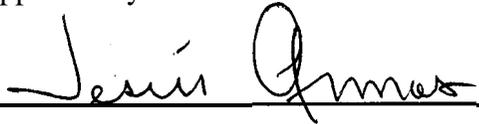
Alex Ameri, Deputy Director of Public Works/Utilities

Recommended by:

  
\_\_\_\_\_

Dennis L. Butler, Director of Public Works

Approved by:

  
\_\_\_\_\_

Jesús Armas, City Manager

Attachments: Exhibit A - Project Location Map  
Exhibit B - Bid Summary

**DRAFT**

JB 9/22/98

HAYWARD CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_

Introduced by Council Member \_\_\_\_\_

RESOLUTION REJECTING ALL BIDS AND AUTHORIZING RE-ADVERTISEMENT AND CALL FOR NEW BIDS FOR THE RUUS ROAD SANITARY SEWER LINE REPLACEMENT, TENNYSON ROAD INTERCEPTOR IMPROVEMENT AND TENNYSON ROAD LIFT STATION IMPROVEMENT PROJECTS, PROJECT NOS. 7604, 7588 AND 7502

WHEREAS, on July 28, 1998, the City Council approved the plans and specifications for the Ruus Road Sewer Line Replacement, Tennyson Road Interceptor Improvement and Tennyson Road Lift Station Improvement Projects and called for bids to be received on September 8, 1998; and

WHEREAS, only two bids were received and the low bid was \$1 ,000,000 over the engineer's estimate.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hayward that all bids received for the Ruus Road Sewer Line Replacement, Tennyson Road Interceptor Improvement and Tennyson Road Lift Station Improvement Projects pursuant to the plans and specifications approved by Council on July 28, 1998, and Addenda Nos. 1, 2 and 3 thereto are hereby rejected, and staff is directed to solicit new bids on the project in January 1999.

INCOUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 1998

ADOPTED BY THE FOLLOWING VOTE:

AYES:

ABSTAIN:

ABSENT:

ATTEST: \_\_\_\_\_  
City Clerk of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward