



AGENDA REPORT SUMMARY

Meeting Date: June 14, 2022

Subject: Annual Storm Drain Improvements, Milverton Road Project CD-01012

Prepared by: Thanh Nguyen, Senior Civil Engineer

Reviewed by: Aida Fairman, Engineer Services Manager

Jim Sandoval, Engineering Services Director

Approved by: Gabriel Engeland, City Manager

Attachment:

A. Resolution

Initiated by:

Capital Improvement Plan – Annual Storm Drain Improvements, Project CD-01012

Previous Council Consideration:

March 26, 2019; March 22, 2022

Fiscal Impact:

None: recommending rejection of the bid received.

- Breakdown of funds to be used in this project:
 - o \$950,000 General Fund already appropriated
 - o The very high bid received if awarded, would require an additional appropriation of \$612,042 from the General Fund (not recommended)

Project Item	Project Budget
Design (Original Contract & Amendments. 1, 2, 3)	\$102,448
Construction (<i>not recommended for award</i>)	<i>\$1,212,690</i>
Inspection and testing services	\$62,000
Printing/Environmental Doc/Misc.	\$3,000
Construction contingency (15%)	\$181,904
Estimated Total Cost	\$1,562,042
Available Funds to-Date	\$950,000.00
Budget Shortfall (<i>if the bid were awarded</i>)	\$612,042

Reviewed By:

City Manager

GE

City Attorney

JH

Finance Director

JE



Subject: Annual Storm Drain Improvements, Milverton Road Project CD-01012

Environmental Review:

Categorically Exempt pursuant to CEQA Section 15301

Policy Question for Council Consideration:

- Should the Council reject the single bid received and ask the designer to reevaluate the plans and specifications for rebid?

Summary:

- The project was designed by Schaaf & Wheeler Consulting Civil Engineers and includes drywell systems to improve stormwater drainage on Milverton Road
- A single bid was received for this project, which was very high above the cost of construction estimated by the project designer
- It is not currently a competitive bid environment in the San Francisco Bay Area

Staff Recommendation:

Authorize the City Manager to reject the bid received for the Milverton Road Storm Drain Improvements Project, request the design consultant to reevaluate the project plans and specifications, and rebid the project



Subject: Annual Storm Drain Improvements, Milverton Road Project CD-01012

Purpose

Reject the bid received or award the construction contract for the Annual Storm Drain Improvements Project at Milverton Road.

Background

The 2016 Stormwater Master Plan identified and prioritized areas for storm drainage infrastructure improvements. The Milverton Road Drywells Project was prioritized in the plan due to historic flooding on that street. Drywells are able to improve drainage infrastructure without requiring piped connections to the storm drain system. Drywells also benefit local creeks by reducing urban stormwater runoff pollution.

The original design services agreement with Schaaf & Wheeler was executed on March 8, 2018, in the amount of \$54,913. The first amendment to the agreement was executed on August 16, 2018, for \$17,000 for additional services, including potholing locations in the field to collect data on potential utility conflicts. The second amendment to the agreement of \$16,780 was executed in April 2019 to perform additional land surveying, potholing, and design needed to address information gaps and other design considerations to optimize the project plan. The CIP budget for the Annual Storm Drain Improvements project was deferred in 2020 due to financial constraints arising from the COVID-19 pandemic. A third amendment was executed on September 22, 2021, in the amount of \$13,665 to validate the project design, including potholing and modifications to plans and specifications.

Discussion/Analysis

On April 28, 2022, the City received one bid for the Milverton Road Storm Drain Improvements Project. The bid received was in the amount of \$1,212,690, which was way above the Engineer's Estimated range of \$475,000 to \$525,000.

Cities in the San Francisco Bay Area are experiencing extremely high bids over the engineering estimates. Due to the price of fuel, labor, and materials (steel, etc.). It is currently not a competitive bid environment.

Storm drain improvements in the City of Los Altos do not have a dedicated funding source. The City sought the creation of a dedicated funding source through the Clean Water and Sustainable Storm Drain ballot initiative in 2019, which did not pass. Funding for the Annual Storm Drain Improvements Program comes from the General Fund. Due to the extremely high bid received, the award of the construction contract would require an additional appropriation of \$612,042 from the General Fund. There are competing needs in other programs for the City's limited general fund resources.



Subject: Annual Storm Drain Improvements, Milverton Road Project CD-01012

Therefore, staff recommends rejecting the bid and asking the designer to reevaluate the plans and specifications to look for potential ways to reduce costs, which may involve changes to the scope, or the use of an alternative bid structure.

Options

- 1) Authorize the City Manager to reject all bids received for the Milverton Road Storm Drain Improvements Project, request the design consultant to reevaluate plans and specifications, and rebid the project

Advantages: Does not require the appropriation of \$612,042 from the General Fund, allowing those funds to be available for other current needs; potential cost savings when rebidding the project compared to the existing funds required.

Disadvantages: Delays construction of the storm drainage improvements, design costs.

- 2) Authorize the City Manager to award the construction contract for the Milverton Road Storm Drain Improvements Project to EPS, Inc. for \$1,212,690 and appropriate and additional \$612,042 to the Annual Storm Drain Improvements Program CD01012 from the General Fund.

Advantages: Construction of improvements to the storm drainage system.

Disadvantages: Allocates \$612,042 of General Fund dollars for the construction of an overbudget project in an uncompetitive bid environment.

Recommendation

The staff recommends Option 1.