



City Council Agenda Item Staff Report

CITY OF SAN BRUNO

DATE: May 28, 2013

TO: Honorable Mayor and Members of the City Council

FROM: Harry Burrowes, Project Manager – Crestmoor Reconstruction

SUBJECT: Adopt Resolution Authorizing the City Manager to Execute a Construction Contract for the Crestmoor (Glenview) Neighborhood Reconstruction – Phase III Utility Replacement Project with JMB Construction, Inc. in the Amount of \$6,473,399 and Approving a Construction Budget of \$9,030,150

BACKGROUND:

The reconstruction and rebuilding of infrastructure in the Crestmoor (Glenview) Neighborhood is ongoing. To date, several projects have been completed including the repair and replacement of underground utilities within the fire damaged portion of the neighborhood (Phase II Utility Replacement). The Phase III Utility Replacement Project includes replacement of sewer, water, and storm drain utilities as well as the construction of new underground streetlight conduits within the remaining portions of the neighborhood. The City recently advertised and accepted bids for this work and staff is seeking authorization to award a construction contract to the low bidder.

DISCUSSION:

Phase III Utility Replacement Project

The City previously engaged the services of BKF Engineers to perform the design work and prepare plans, specifications, and construction documents for the construction of all infrastructure improvements within the Crestmoor neighborhood. The recent utility replacement project in the fire-damaged area (Phase II) has been completed. The Phase III Utility Replacement Project includes underground utility replacement within remaining portions of the Crestmoor neighborhood, as shown on the attached Exhibit 1. Future phases of work consisting of the “surface improvements” including curb, gutter, and sidewalk replacement, street reconstruction, and new streetlights will be constructed in 2014.

BKF completed design of the Phase III project, incorporating staff’s review comments, in March 2013. In compliance with the State Contract Code and the City’s local purchasing regulations, a Notice to Bidders for this project was posted on the City’s website and advertised in the *San Mateo Daily Journal* newspaper on March 21 and March 28, 2013. A total of seventeen contractors and vendors attended at least one of the two mandatory pre-bid meetings and a total of six bids were received and opened on May 7, 2013. The tabulation of bid results is as follows:

<u>No.</u>	<u>Contractor</u>	<u>Basis of Award</u>
1	JMB Construction, Inc.	\$ 6,473,399
2	Ranger Pipelines, Inc.	\$ 7,346,324
3	Mountain Cascade Construction	\$ 7,396,080
4	Trinet Construction, Inc.	\$ 7,636,835
5	Ghilotti Construction, Inc.	\$ 8,179,927
6	McGuire Hester Construction, Inc.	\$ 9,985,905
	Engineer's Estimate	\$ 7,100,000

The lowest bid, by JMB Construction, was approximately 9% below the engineer's estimate. All of the bids were reviewed and found to be responsive. The City's bid process includes a requirement to submit separate qualifications to ensure the bidder is responsible to perform the work. The qualifications include submittal of recent history of safety violation, claims, litigation, resumes/experience of key personnel, and project references. City staff has reviewed JMB's qualification package and performed due diligence in anticipation of award of the contract.

Low Bidder Considerations

Upon a review of JMB's qualifications, several items were of initial concern to City staff. Specifically, in 2008 on a sewer project in South San Francisco, JMB hit a gas service line requiring temporary evacuation of the surrounding area. In 2009, JMB had an accident on a project in Novato that resulted in a death of one of their workers by electrocution. Further due diligence of both of these incidents revealed the following:

- The 2008 incident with the PG&E line involved an unmarked gas service to an abandoned building. JMB followed the proper procedure in requesting all underground utilities be marked prior to construction. PG&E did not mark this line, as there was no connection at the existing building, and thus JMB could not have known about its existence.
- The 2009 electrocution fatality was fully investigated by OSHA and resulted in fines and penalties being imposed on JMB. Following this incident, JMB completely overhauled their safety program and culture including the hiring of a safety manager with over 25 years of construction safety experience. As a result of JMB's focus on safety, they have been one of two contractors in the Bay Area recognized for zero jobsite safety incidents for 75,000 – 150,000 man-hours worked for both 2011 and 2012.

Other measures of safety included in the City's required qualifications for JMB were found to be within industry standards. Additionally, in a check of references from other public agencies for completed projects, JMB was highly praised for both their performance as well as absence of safety issues.

Staff believes that neither of the above issues, especially in light of JMB's recent project history, would deem their bid to be non-responsible. Pursuant to the Public Contract Code, the City is required to award the contract to the lowest responsive and responsible bidder. Staff recommends that a contract be awarded to JMB for the Phase III Utility Replacement project.

Project Special Conditions

Given the nature of the past incidents, the Crestmoor Neighborhood is a residential community that will require the contractor to maintain a conscious and diligent effort to respect the resident's sensitivity during the entire duration of the construction. As such, staff has included heightened special conditions as part of the contract to help ensure adherence and compliance with the project's requirements. The special conditions address items such as site behavior (language, smoking, speeding, work hours), dust control (covered loads, street sweeping, no stockpiling on streets), resident coordination and notification, access/traffic control, parking, utility identification and protection, protection of private property, and storage of materials and equipment in the neighborhood.

As an incentive to the contractor to meet or exceed the project requirements, a performance bonus of up to \$60,000 has been included in this contract. If the contractor meets or exceeds the thresholds established in the contract (no more than three notices on non-compliance), they shall be entitled to payment of the bonus. The bonus is back loaded with a majority of the amount payable at final completion as incentive for the contractor to continue to meet the project requirements throughout the contract.

Construction Budget & Schedule

The construction budget of \$9,030,150 includes a construction contingency of 25% as well as administration, inspection, and testing costs. These costs include construction inspection and observation, contract administration, soil compaction testing, submittal review, and other tasks as required in overseeing and administering the construction contract. The contract administration costs are slightly more than the customary estimate of 10% of construction cost. However, the costs reflect actual estimated work and reflect an appropriate effort given the heightened sensitivity required for this neighborhood.

The contract allows 200 working days to complete the project construction. The work will be done in discreet phases to minimize the disruption to the entire neighborhoods at the same time. If the City Council approves award of the contract, construction will commence in mid-June and should be completed in the first quarter of 2014 depending upon the contractor's scheduling and any weather delays.

FISCAL IMPACT:

The total cost of the Phase III Utility Replacement construction contract with JMB Construction Inc. is \$6,473,399. The overall construction budget of \$9,030,150 consists of:

JMB Bid Amount	\$ 6,473,149	
Construction Contingency	\$ 1,618,286	<i>25% of construction cost</i>
Constr. Mgmt. & Inspection	\$ 645,000*	<i>8% of total construction cost</i>
City Administration	\$ 81,000	<i>1% of total construction cost</i>
Outside Submittal Review	\$ 3,500	
Soils/Compaction Testing	\$ 202,215	<i>2.5% of total construction cost</i>
Water/Sewer Staff (testing)	\$ 7,000	
Total Construction Budget	\$ 9,030,150	

* Costs for construction management and inspection are part of previously approved contract for HB Consulting Group.

The costs for this contract will be covered through the City's Trust Agreement funded by PG&E.

ALTERNATIVES:

1. Do not award the contract to JMB Construction, Inc. for the Phase III Utility Replacement Project and do not construct the utility replacement improvements. This will not further the City's goals and commitment to reconstruct the Crestmoor Neighborhood.

RECOMMENDATION:

Adopt Resolution Authorizing the City Manager to Execute a Construction Contract for the Crestmoor (Glenview) Neighborhood Reconstruction – Phase III Utility Replacement Project with JMB Construction, Inc. in the Amount of \$6,473,399 and Approving a Construction Budget of \$9,030,150

DISTRIBUTION:

None

ATTACHMENTS:

1. Resolution
2. Map

DATE PREPARED:

May 20, 2013

REVIEWED BY:

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