

**REPORT TO THE
CITY COUNCIL
City of Salinas, California**

DATE: June 17, 2014

FROM: Gary E. Petersen, C.A.E.
Public Works Director

THRU: Robert Russell, P.E.; City Engineer

BY: Kathy Wilson, Assistant Engineer

SUBJECT: **INDUSTRIAL WASTEWATER CONVEYANCE SYSTEM
IMPROVEMENTS, PROJECT NO. 9942**

RECOMMENDATION:

It is recommended that the City Council adopt a resolution approving award of contract to Floyd Johnston Construction, Inc. for the Industrial Wastewater Conveyance System Improvements, Project No. 9942, in the amount of \$7,026,421.50.

DISCUSSION:

The capacity and pipe condition of two segments on the existing industrial waste water pipe system infrastructure is insufficient to convey existing and increased wastewater flows that will be generated from new industrial development, expected to occur under the City of Salinas General Plan; expansion of existing facilities; and build out conditions/demands that will include the approved new Salinas Ag-Industrial Center on Abbott Street.

The project consists of replacing two deteriorated pipe line segments of the City's industrial wastewater conveyance pipeline system. Segment 1 calls to replace the existing deteriorated 33" pipeline with 9,600' of new 42" from the Salinas former Treatment Plant No. 1 on Hitchcock Road to the Industrial Wastewater Treatment Facility on Davis Road; and Segment 2 consists of abandoning 2,300 LF of existing 27" pipe "in-place" and replacing it with a new 36" diameter pipeline.

Bids for the Industrial Wastewater Conveyance System Improvements were opened on May 13, 2014, with the following results (see attached Bid Tabulation Sheet for details):

<i>Contractor</i>	BASE BID
Monterey Peninsula Engineering	\$6,447,874.04
John Madonna Construction, Inc.	\$6,880,683.50
Floyd Johnston Construction Company, Inc.	\$7,026,421.50

Anderson Pacific Engineering Construction, Inc.	\$7,922,125.00
Mountain Cascade, Inc.	\$8,363,335.00
K.J. Woods Construction, Inc.	\$9,804,000.00
Specialty Construction, Inc.	\$11,633,198.50

Monterey Peninsula Engineering and John Madonna Construction, Inc. (first and second apparent lowest bidders) have requested to be relieved from their bids due to clerical errors on their bids and both contractors have submitted a declaration under penalty of perjury specifying how they meet the criteria to be relieved of their bid under PCC Section 5103 (letters attached to report).

Based on the bids received and basis of award established, staff recommends awarding the project to the third lowest bidder, Floyd Johnston Construction Company, Inc. for the bid of \$7,026,421.50, which is 2.6% above the Engineer's Estimate; but still considered a reasonable cost.

ISSUE:

Shall the City Council adopt a resolution approving award of contract to Floyd Johnston Construction Company, Inc. for the Industrial Wastewater Conveyance System Improvements, Project No. 9942; in the amount of \$7,026,421.50?

FISCAL IMPACT:

The project is funded with \$2,143,485 from CIP account No. 9941; \$3,486,074 from EDA/U.S. Department of Commerce Economic Development Administration Financial Assistance Award (hereinafter "EDA") from CIP 9942; and a \$4 million loan from the HUD Section 108 program, for a total budget, of \$9,629,559. To date \$520,340 has been spent on preliminary engineering, leaving an unencumbered balance of \$9,109,219.

HUD has processed the \$4 million loan and expected to be funded in August, 2014.

Based on Floyd Johnston Construction Company, Inc. bid received, the estimated project cost for this project is \$7,904,724.50, including inspection and contingencies. Below is a summary of the construction cost:

Floyd Johnston Construction Company, Inc.

Base Bid	\$7,026,421.50
*Administration (15% or \$50,000 maximum)	\$ 50,000.00
Inspection (2.5%)	\$ 175,661.00
Contingencies (10%)	<u>\$ 702,642.00</u>
Total Estimated Project Costs	\$7,954,724.50

*Administrative overhead costs will be funded by the industrial waste fund.

Based on the lowest bid received, sufficient funds are available to award this project to Floyd Johnston Construction Company, Inc.

TIME CONSIDERATIONS:

Staff's goal is to complete construction by Spring 2015, to meet EDA's completion time of October 12, 2015. This project must begin construction by July 12, 2014 in order to avoid losing the \$3.486 million EDA grant.

ALTERNATIVES/IMPLICATIONS:

Council may choose to not award the contract as proposed and elect to postpone this project. This is not recommended because EDA funds need to be spent by October 12, 2015 to avoid forfeiting these funds.

CITY COUNCIL GOALS:

This project directly addresses City Council's goals of Excellent Infrastructure and Economic Diversity and Prosperity by providing infrastructure to support new development, and addresses the General Plan goal of expanding existing facilities to support build-out conditions that will include the proposed new Salinas Ag-Industrial Center.

CONCLUSIONS:

At its meeting of June 17, 2014, the City Council is requested to adopt a resolution approving award of contract to Floyd Johnston Construction Company, Inc. for the Industrial Wastewater Conveyance System Improvements, Project No. 9942, in the amount of \$7,026,421.50.

Distribution:
City Council
City Manager
City Attorney
Department Directors

Back Up Pages:
Resolution
Location Map
Bid Tab
Letter from Monterey Peninsula Engineering
Letter from John Madonna Construction, Inc.

Thursday, June 12, 2014
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