



# City of Chula Vista

## Staff Report

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**File#:** 14-0112, **Item#:** 7.

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RESOLUTION NO. 2014-048 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA ACCEPTING BIDS, AWARDING THE CONTRACT FOR THE "INDUSTRIAL BOULEVARD SEWER IMPROVEMENT PROJECT FROM MAIN STREET TO ANITA STREET IN THE CITY OF CHULA VISTA, CALIFORNIA (CIP# SW263)" TO GRFCO INC. IN THE AMOUNT OF \$674,500 WAIVING CITY COUNCIL POLICY 574-01, AND AUTHORIZING THE EXPENDITURE OF ALL AVAILABLE CONTINGENCY FUNDS IN AN AMOUNT NOT TO EXCEED \$101,175.

### **RECOMMENDED ACTION**

Council adopt the resolution.

### **SUMMARY**

On February 19, 2014, the Director of Public Works received five (5) sealed bids for the "Industrial Boulevard Sewer Improvement Project, between Main Street and Anita Street (SW263)". The project scope consists of the removal and replacement of existing sewer pipe and sewer manholes, and other miscellaneous work to complete the improvements. The proposed resolution, if approved, would accept the bids, award the contract to GRFO Inc. in the amount of \$674,500, waive City Council Policy 574-01, and authorize the expenditure of all available contingency funds in an amount not to exceed \$101,175.

### **ENVIRONMENTAL REVIEW**

The Development Services Director has reviewed the proposed project for compliance with the California Environmental Quality Act (CEQA) and has determined that the project qualifies for a Class 1(b) categorical exemption pursuant to Section 15301 (Existing Facilities) of the State CEQA Guidelines, because the project, which consists of replacing an existing undersized 12-inch sewer line with an 18-inch sewer line, is being constructed solely to rectify certain operational and functional issues associated with existing flows, rather than to accommodate new or increased flows. As there will be no expansion of use, no further environmental review is required.

### **BOARD/COMMISSION RECOMMENDATION**

Not Applicable.

### **DISCUSSION**

The Industrial Boulevard Sewer Improvement project involves the removal and replacement of approximately 1,300 lineal feet of sewer pipes, sewer laterals connections, and removal and replacement of existing sewer manholes. The project will divert sewer flows from Industrial Boulevard directly into the Salt Creek Interceptor.

On February 19, 2014, the Director of Public Works received five (5) seal bids. The following bids

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**File#: 14-0112, Item#: 7.**

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were received:

<b>Contractor</b>	<b>Bid Amount</b>
1. GRFCO Inc. - Moreno Valley, CA	\$674,500.00
2. PALM Engineering - San Diego, CA	\$687,050.00
3. WIER Construction - Escondido, CA	\$784,470.00
4. Burtech Pipeline - Encinitas, CA	\$809,875.00
5. MODE Engineering- Laguna Niguel, CA	\$971,500.00

The low bid submitted by GRFCO Inc. is below the Engineer's estimate of \$770,000 by \$95,500, or approximately 12%. This difference can likely be attributed to the high degree of competition within the current construction market. GRFCO Inc. has satisfactorily completed projects for other Cities of a similar nature. GRFCO Inc. Contractor's License No. 291013 is current and active.

The proposed resolution would also authorize the Director of Public Works to approve change orders over and above existing policy limits. Under City Council Policy No. 574-01, when an individual change order causes the cumulative increase in change orders to exceed the Director's authority ("Maximum Aggregate Increase in Change Orders"), City Council approval is required. For this project the corresponding maximum aggregate contract increase that may be approved by the Director of Public Works under Policy No. 574-01 is \$50,215. Approval of tonight's resolution would increase the Director of Public Works' authority to approve change orders, as necessary, up to the contingency amount of \$101,175, an increase of \$50,960 over Policy No. 574-01. Increasing the contingency funds will allow staff to continue the project without delay should unforeseen circumstances resulting in increased project costs arise during the course of construction, as well as make adjustments to bid item quantities. Unforeseen conditions include such items as utility conflicts, hazardous materials, unexpected underground conflicts, etc. If the contingency funds are not used, then they will be returned to the project fund balance.

Staff reviewed the lowest bid submitted by GRFCO Inc. and determined that the bid package is complete, with no errors or omissions. Therefore, staff recommends awarding a construction contract to GRFCO Inc. in the amount of \$674,500.

#### Disclosure Statement

Attached is a copy of the contractor's Disclosure Statement as Attachment 1.

#### Wage Statement

The source of funding for this project is Sewer Facility Replacement Fee Fund. Contractors bidding this project are not required to pay prevailing wages to persons employed by them for the work under this project. Disadvantaged businesses were encouraged to bid by sending "Notice to Contractors" to various trade publications.

#### **DECISION-MAKER CONFLICT**

Staff has reviewed the property holdings of the City Council and has found no property holdings

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**File#: 14-0112, Item#: 7.**

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within 500 feet of the boundaries of the property which is the subject of this action. Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

**LINK TO STRATEGIC GOALS**

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. The Sewer Improvement along Industrial Boulevard between Main Street and Anita Street project support the Strong & Secure Neighborhood goal as it will ensure a sustainable and well maintain wastewater infrastructure by improving existing sewer capacity and help insure the wastewater facilities meets the need of the public.

**CURRENT YEAR FISCAL IMPACT**

Sufficient Sewer Facility Replacement Funds are available in CIP Project No. SW263 to complete the project. There is no additional impact to the Sewer Facility Replacement Fund as sufficient funding is available to cover the capital costs associated with this project. There is no direct impact to the General Fund. The table below summarizes the project construction costs.

<b>FUNDS REQUIRED FOR CONSTRUCTION CONTRACT</b>	
A. Base Contract Amount	\$674,500
B. Contract Contingency	
C. Inspection Staff Costs	\$65,000
D. Design/Survey/Maintenance	\$50,000
<b>TOTAL FUNDS REQUIRED FOR CONSTRUCTION</b>	<b>\$890,675</b>

**ONGOING FISCAL IMPACT**

Upon completion of the project, the improvements will require only routine City maintenance, which is funded through the Sewer Service Fee.