



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
April 5, 2022

TOPIC: Industrial Streets (Phase 1) Water and Sewer Improvements

AGENDA TITLE

Approve Appropriation Adjustments, Budget Reallocation, and Award a Construction Contract to SRK Engineering, Inc. in the Amount of \$3,024,538 for the Industrial Streets (Phase 1) Water and Sewer Improvements Project, with an Estimated Project Delivery Cost of \$4,050,000.00 (Project Nos. 21-6452 & 21-6456) (Non-General Fund)

RECOMMENDED ACTION

1. Approve an appropriation adjustment to recognize and utilize remaining bond proceeds from water bonds up to \$110,000 of prior-year fund balance from Water Utility Water Division Capital, Prior Year Carry Forward, and appropriate the same amount to the Acquisition & Construction, Water Bond Capital Projects, Water Capital Project expenditure account. *(Requires five affirmative votes)*
2. Approve an appropriation adjustment to recognize \$840,000 of prior-year fund balance in the Water Fund, Public Works Water Revenue, Prior Year Carryforward revenue account, and appropriate the same amount to the Acquisition & Construction, Water Utility Capital Projects, Water Capital Project expenditure account. *(Requires five affirmative votes)*
3. Approve an appropriation adjustment to recognize \$175,000 of prior-year fund balance in the Sanitary Sewer Fund, Capital Recovery Charges, Prior Year Carry Forward revenue account, and appropriate the same amount to the Sanitary Sewer Fund, Capital Recovery Charges, Improvements Other Than Building expenditure account. *(Requires five affirmative votes)*
4. Approve an appropriation adjustment to recognize and transfer \$1,200,000 from the Special Gas Tax Interfund Transfer account to the Select Street Construction Interfund Transfer account and appropriate the same amount into the Select Street Construction Fund, Improvements Other Than Building expenditure account. *(Requires five affirmative votes)*
5. Award a construction contract to SRK Engineering, Inc., the lowest responsible bidder, in accordance with the base bid in the amount of \$3,024,538 for construction

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of the Industrial Streets (Phase 1) Water and Sewer Improvements Project, for the term beginning April 5, 2022, and ending upon project completion, and authorize the City Manager to execute the contract subject to non-substantive changes approved by the City Manager and the City Attorney.

6. Approve the Project Cost Analysis for a total estimated construction delivery cost of \$4,050,000, which includes \$3,024,538 for the construction contract, \$453,681 for contract administration, inspection and testing, \$150,000 for water engineering, and a \$421,781 project contingency for unanticipated or unforeseen work.
7. Approve an amendment to the Fiscal Year 2021-22 Capital Improvement Program to include \$2,325,000 in construction funds for the Industrial Streets (Phase 1) Water and Sewer Improvements Project.

DISCUSSION

Public Works Water Resources staff monitors the condition of water main pipelines by assessing critical factors such as history of breaks, pipe size, alignment, location, and system redundancy to determine replacement priorities. The water main, as well as sewer laterals, on Santa Fe Street, Wilshire Avenue, and Borchard Avenue have been identified for replacement (Exhibit 1).

The improvements include new polyvinyl chloride (PVC) water main, fire hydrants, water services, sewer laterals, appurtenances, asphalt concrete pavement, and traffic striping. Once completed, water service reliability and general service quality will improve significantly. In addition, the potential for disruption due to water main breaks will be substantially reduced.

After the bidding period closed, staff reviewed the bids received per standard operating procedure. Upon review of the bid submitted by the apparent low bidder, staff discovered the bid did not conform with the bidding specifications. Additionally, a bid protest was received within the bid protest period. The City Attorney's Office evaluated the bid protest, along with staff's findings, and concluded to elect not to waive the apparent low bidder's bid deviation, as the deviation was not minor or inconsequential. Therefore, the apparent low bidder's bid is deemed non-responsive and staff recommends awarding to the next lowest responsive bidder.

Public Outreach and Contractor Participation

To provide an opportunity for local vendors to submit bids, a Notice Inviting Bids was advertised in the Orange County Register newspaper on October 28 and November 4, 2021. The project was also advertised on PlanetBids, and bids were received electronically via PlanetBids on December 2, 2021.

The City notified a total of 623 regional vendors via PlanetBids, 20 of which are Santa Ana based. Fifty-five vendors requested bidding documents. A total of five bids were received. However, no bids were received from Santa Ana contractors.

Bid Results Summary

RANK	BIDDER'S NAME	LOCATION	BASE BID
1	SRK Engineering, Inc.	Escondido	\$3,024,538.00
2	Big Ben, Inc.	Irvine	\$3,688,260.00
3	CEM Construction Corp.	Montebello	\$3,800,587.50
4	Colich & Sons L.P.	Gardena	\$4,246,237.00

Of the five bids received, four were deemed responsive. SRK Engineering, Inc. submitted the lowest responsive base bid, in the amount of \$3,024,538.00 (Exhibit 2). As specified in the bid documents, the lowest bid shall be determined on the basis of the Base Bid. Based on the bid analysis and a contractor's reference check, staff recommends awarding the construction contract to SRK Engineering, Inc., in the amount of the base bid totaling \$3,024,538.00 (Exhibit 3). SRK Engineering, Inc. has not performed previous work in the City of Santa Ana as a prime contractor; however, they are currently a subcontractor on the Main Street Water and Sewer Improvements (Project Nos. 21-6451 & 21-6461). Under this construction contract, SRK Engineering, Inc. will be performing work as a prime contractor.

Project Delivery

To deliver a complete project, in addition to the construction contract, the estimated total project delivery cost includes construction administration, inspection, and testing, along with an allowance for contingencies to account for unexpected or unforeseen conditions. Construction administration and inspection includes the following: construction management; implementation of the City's Community Workforce Agreement requirements; inspection of the Contractor's work to ensure contract compliance, workmanship, and quality; and materials testing. As indicated in the Cost Analysis (Exhibit 4) and as summarized in the table below, the estimated total construction delivery cost of the project is \$4,050,000.00.

Project Item	Total
Construction Contract	\$3,024,538.00
Construction Administration, Inspection, Testing	\$453,681.00
Contingencies	\$421,781.00
Water Engineering	\$150,000.00
TOTAL CONSTRUCTION DELIVERY COST	\$4,050,000.00

ENVIRONMENTAL IMPACT

In accordance with the California Environmental Quality Act, the recommended actions are exempt from further review. Categorical Exemption Environmental Review No. ER-2021-79 was filed for the project.

FISCAL IMPACT

As indicated in the Cost Analysis, the estimated total construction delivery cost of the project is \$4,050,000 which includes the construction contract, contract administration, inspection, testing, and project contingency. Approval of the requested appropriation adjustments will recognize sufficient funds to complete the funding to deliver the project (Exhibit 5).

- Recognize and utilize remaining bond proceeds from water bonds up to \$110,000 of prior year fund balance from Water Utility Water Division Capital, Prior Year Carry Forward revenue account (No. 06617002-50001), and appropriate the same amount to the Acquisition & Construction, Water Bond Capital Projects, Water Capital Project expenditure account (No. 06617620-66301)
- Recognize \$840,000 from Water Fund, Public Works Water Revenue, Prior Year Carryforward revenue account (No. 06017002-50001) and appropriate the same amount to the Acquisition & Construction, Water Utility Capital Projects, Water Capital Project expenditure account (No. 06617647-66301)
- Recognize \$175,000 from Sanitary Sewer Fund, Capital Recovery Charges, Prior Year Carryforward revenue account (No. 05417002-50001) and appropriate the same amount to the Sanitary Sewer Capital, Capital Recovery Charges, Improvements Other Than Building expenditure account (No. 05417647-66220)
- Recognize \$1,200,000 fund balance in the Special Gas Tax, Prior Year Carryforward account (No. 02917002-50001) and transfer from the Special Gas Tax Interfund Transfer account (No. 02917019-68000-059) to the Select Street Construction Interfund Transfer account (No. 05917002-59000-029) and appropriate the same amount into the Select Street Construction Fund, Improvements Other Than Building expenditure account (No. 05917663-66220).

The following table summarizes the funds budgeted and available for expenditure to deliver construction of this project. Any remaining balances not expended at the end of the fiscal year will be carried forward for expenditure in the following fiscal year, if needed.

Fiscal Year	Accounting Unit – Account No.	Fund Description	Accounting Unit – Account No. Description	Amount
Prior Authorized Funds				
2021-22	05417647-66220 (21-6452)	Sanitary Sewer Capital	Capital Recovery Charges, Improvements Other Than Building	\$225,000

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2021-22	06617647-66301 (21-6456)	Acquisition & Construction	Water Utility Capital Projects, Water Capital Project	\$1,500,000
Appropriation Adjustments				
2021-22	06617620-66301 (21-6456)	Acquisition & Construction	Water Bond Capital Projects, Water Capital Project	\$110,000
2021-22	06617647-66301 (21-6456)	Acquisition & Construction	Water Utility Capital Projects, Water Capital Project	\$840,000
2021-22	05417647-66220 (21-6452)	Sanitary Sewer Capital	Capital Recovery Charges, Improvements Other Than Building	\$175,000
2021-22	05917663-66220	Select Street Construction	Select Street Construction, Improvements Other Than Building	\$1,200,000
TOTAL:				\$4,050,000

EXHIBIT(S)

1. Location Map
2. Bid Proposal
3. Construction Contract
4. Cost Analysis
5. FY 2021-22 Capital Improvement Program Sheets

Submitted By: Nabil Saba, P.E., Executive Director – Public Works Agency

Approved By: Kristine Ridge, City Manager