

**CITY COUNCIL REGULAR SESSION**

Ordinance authorizing 1) award of Bid No. 20002 for 136th Ave NE Inlet Station and NE 8th St Transmission Main to Interwest Construction Inc., as the lowest responsive and responsible bidder, in an amount not to exceed \$5,819,792.50 plus all applicable taxes (CIP Plan No. W-104, W-103 and W-16); 2) amendment of the 2019-2025 Utility Capital Investment Program (CIP) Plans by decreasing the total 2019-2020 available budget for the Small Diameter Water Main Replacement Program (CIP Plan No. W-16) by \$600,000 and increasing the 2020 budget for Increase Drinking Water Storage Availability for West Operating Area Program (CIP Plan No. W-103) by \$600,000.

Nav Ota, Director, 452-2041

Linda De Boldt, Assistant Director of Engineering, 452-4625

*Utilities Department*

**EXECUTIVE SUMMARY**

This Ordinance will award Bid No. 20002 to Interwest Construction Inc. for 136<sup>th</sup> Ave NE Inlet Station and NE 8<sup>th</sup> St Transmission Main and will increase the total program budget for the Increase Drinking Water Storage Availability for West Operating Area Program (CIP Plan No. W-103) from \$2,269,034 to \$2,869,034. The proposed increase in program budget is requested to provide sufficient funds for the NE 8<sup>th</sup> St Transmission Main Project (CIP Plan No. W-103). The source of additional funding will be from Utilities Small Diameter Water Main Replacement Program (CIP Plan No. W-16), which has adequate funding for 2020.

**RECOMMENDATION**

Move to adopt Ordinance No. 6512.

**BACKGROUND/ANALYSIS**

The 136<sup>th</sup> Ave NE Inlet Station (CIP Plan No. W-104) and NE 8<sup>th</sup> St Transmission Main (CIP Plan No. W-103) project consists of constructing an underground concrete inlet station vault in an unused portion of City right-of-way on 136<sup>th</sup> Ave NE just north of NE 8<sup>th</sup> St, and approximately one mile of large (20-inch to 24-inch diameter) water transmission pipeline in NE 8<sup>th</sup> St from the connection to Seattle Public Utilities' Tolt Eastside Supply Line (TESSL) in 140<sup>th</sup> Ave NE, to 126<sup>th</sup> Ave NE.

This project will provide additional capacity to draw flow from the TESSL that is required to meet future peak water supply needs in response to projected growth in the Downtown, Bel-Red and Wilburton areas that are served by the BV400 water pressure zone. It will also improve water supply reliability and redundancy and improve system operability by adding capacity to the existing Bel-Red and Cherry Crest inlets to meet both the maximum daily and high season customer demands, as shown in the 2016 Water Sytem Plan. A small portion of existing AC (asbestos cement) water main pipe will also be replaced as part of this contract (CIP Plan No. W-16).

Bids were opened on April 3 and are as follows. Please note, these bids include 10 percent Washington State sales tax on applicable bid items.

Interwest Construction Inc	\$6,401,771.75
Active Construction Inc	\$7,512,367.65
Shoreline Construction	\$8,152,617.00

**Engineer's Estimate** **\$5,913,688.32**

The low bid from Interwest Construction Inc. is \$488,083.43 or 8.25 percent greater than the Engineer's Estimate. The project team's bid analysis finds that the low bid from Interwest Construction is responsive and responsible. In addition, the number of bids and the range of bids from the three bidders indicates a bidding climate that reflects the uncertainties in the economy given the current COVID-19 pandemic. Therefore, there is a low likelihood that rebidding the project would result in lower bids.

Since the low bid increases the construction contract cost above what was previously budgeted and because of additional design phase costs that resulted from permitting and agreements with Seattle Public Utilities, Cascade Water Alliance, and Puget Sound Energy, the project cost estimate has increased. A shortfall of \$600,000 has been identified in CIP Plan No. W-103.

This Ordinance proposes to increase the budget to provide sufficient funds for the NE 8<sup>th</sup> St Transmission Main Project (CIP Plan No. W-103). The source of additional funding will be from Utilities Small Diameter Water Main Replacement Program (CIP Plan No. W-16), which has adequate funding for 2020. In addition, the proposed transfer of funds has been accounted for in development of the 2021-2027 Utilities Capital Investment Program budget.

To the best of staff's knowledge, all factors that normally contribute to construction expenses have been accounted for in the plans and in the Engineer's Estimate. It is our experience that construction projects of this type usually result in some amount of field changes. Such claims are rigorously reviewed and only those that are clearly necessary to accomplish the intent of the contract, but have somehow not been provided for, will be paid.

## **POLICY & FISCAL IMPACTS**

### **Policy Impact**

City Comprehensive Plan policies: Provide reliable water service for domestic use, fire flow protection, and emergencies.

Utilities Department policies: To invest resources as necessary to construct, maintain and renew water system infrastructure and equipment so that Utility customers are provided with consistent, reliable service.

Utilities Department practice: To provide water storage capacity required for anticipated population growth in the Downtown, Bel-Red, and Wilburton areas so that storage for potable and fire suppression water consistent with Utility policy can continue to be provided in these areas. CIP Plan No. W-103 and W-104 has been designated to do this.

Bellevue City Code: Section 4.28.040 requires the City to competitively bid public works in accordance with the Code and state law. Council approval is required to award the bid where the cost exceeds \$90,000.

### Fiscal Impact

To fill the project budget gap, Council authority enabling a budget transfer of \$600,000 is being requested from the Utilities Small Small Diameter Water Main Replacement Program (CIP Plan No. W-16) to the Drinking Water Storage Availability for West Operating Area Program (W-103) to increase the Fiscal Year 2020 budget for CIP Plan No. W-103.

This action will result in no net change to the total 2020 budget for the Water Utility CIP. Approval of this budget transfer will amend the 2020 available project budgets for the Water Utility CIP Plan as follows:

	Total Program Budget Appropriated To Date	Life To Date Expenditures through 2019	Available Budget in 2020	Total Planned Projected Expenditures 2020-2021	This Action (Budget Transfer)	New 2020 Available Budget
W-103 Drinking Water Storage Availability for West Operating Area Program	\$3,339,086	\$1,070,052	\$2,269,034	\$2,865,510 ((\$600,000 shortfall))	\$600,000	\$2,869,034
W-16 Small Diameter Water Main Replacement Program	\$99,082,885	\$87,864,132	\$21,132,752	\$17,847,571 ((\$3,285,181 surplus))	(\$600,000)	\$20,532,752
Net budget change from this action					\$0	

Awarding this bid commits the City to a contract payment of \$5,819,792.50, plus all applicable taxes. This contract is fully funded through Increase Drinking Water Storage Availability & New Water Inlet Station (CIP Plan No. W-103 and W-104) contingent upon approval of the budget transfer. Sufficient funds have been budgeted to fund this contract in the 2019-2025 CIP Water Budget.

### OPTIONS

1. Adopt the Ordinance authorizing 1) award of Bid No. 20002 for 136th Ave NE Inlet Station and NE 8th St Transmission Main to Interwest Construction Inc., as the lowest responsive and responsible bidder, in an amount not to exceed \$5,819,792.50 plus all applicable taxes (CIP Plan No. W-104, W-103 and W-16); 2) amendment of the 2019-2025 Utility Capital Investment Program (CIP) Plans by decreasing the total 2019-2020 available budget for the Small Diameter Water Main Replacement Program (CIP Plan No. W-16) by \$600,000 and increasing the 2020 budget for

Increase Drinking Water Storage Availability for West Operating Area Program (CIP Plan No. W-103) by \$600,000.

2. Do not adopt the Ordinance, reject all bids and provide alternative direction to staff.

#### **ATTACHMENTS & AVAILABLE DOCUMENTS**

- A. Vicinity Map
  - B. CIP Project Description
- Proposed Ordinance No. 6512

#### **AVAILABLE IN COUNCIL LIBRARY**

N/A