



MEMORANDUM

TO: City Council

FROM: Bill Robeson, Assistant City Manager/Public Works Director

BY: Shannon Sweeney, City Engineer

SUBJECT: Notice of Award, Cornwall Avenue Watermain Replacement Project, PW 2024-02

DATE: November 26, 2024

RECOMMENDATION:

- 1) Authorize the City Manager to execute a construction contract for the Cornwall Waterline Replacement Project to The J.F. Will Company, Inc. ("JF Will") for \$611,654.59 subject to any minor, technical, or non-substantive changes as approved by the City Manager in consultation with the City Attorney;
- 2) Authorize the City Manager to approve change orders of 10% of the contract amount, \$61,165.46, for unanticipated costs during the construction phase of this Project; and
- 3) Find the action exempt from the California Environmental Quality Act under the Class 1 and Class 2 exemptions.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

The FY 2024-25 budget includes \$750,000 for the Cornwall Waterline Replacement Project, consisting of the following funds: \$578,700 from the American Rescue Plan Act (ARPA), and \$171,300 from the Water Fund. Construction and contingency costs total \$672,820.05, which is within the available budget.

BACKGROUND:

The City's Water System Master Plan (the "Plan") was adopted on [January 22, 2013](#)¹. In the Plan, it was recommended that several sections of cast iron water mains be replaced due to their condition and age, including a section of 8-inch cast iron pipe in Cornwall Avenue from west of El Camino Real to North Rena Street. This section of water main was installed in 1929, has a useful life of 50-100 years, and will be replaced with an equivalent-sized PVC pipe.

¹<https://ca-arroyogrande.civicplus.com/AgendaCenter/ViewFile/Item/57?fileID=659>

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The project includes replacing 1,350 feet of water main, new service connections (meters to water main), new fire hydrant laterals, and connections to piping on Alpine Street, Bell Street, and Oak Street.

The City advertised this project on October 17, 2024, on its website, in the local paper, and to nine firms capable of performing such work. Three bids were received ranging from \$611,655 to \$1,349,563 (Attachment 1).

ANALYSIS OF ISSUES:

The lowest bidder for the construction of the project was JF Will, with a bid of \$611,655. Staff reviewed the bid received by the lowest bidder to verify that it was responsive and responsible. Elements that were checked included bid bonding, the contractor's license, and the math in the bid sheet schedule.

During the bid review, staff identified that the bid total based on the unit prices shown in the bid sheet schedule submitted at the time of bid opening did not equal the bid total written at the end of the bid sheet schedule. Staff contacted the contractor to discuss this discrepancy. The discrepancy is associated with two items: first, the contractor based the line-item prices on unit prices carried to four decimal points but only showed the unit prices to two decimal points on the original bid sheet schedule. Second, line item 24 of the bid sheet schedule listed a unit price of \$73.85 for a quantity of 26 items, totaling \$1,920.10, but the original bid sheet schedule total is \$14,920.10. The contractor explained that a typo on the unit price for line item 24 should reflect \$573.95, not \$73.85 per item. This is a valid response since \$573.95 times 26 equals \$14,920.10, and the engineer's estimate for that line item was \$600 per unit, which is close to the \$573.95 value.

The contractor submitted a corrected bid sheet schedule showing the line items to four decimal points and the corrected unit price in line item 24. With these corrections, the sum of the work is \$611,654.59. The original and corrected bid sheet schedules are included as Exhibit B in the proposed construction agreement, which is attached as Attachment 2. Payment for the project will be based on the unit prices included in the corrected bid sheet schedule.

The bid documents for this project included the line "the City of Arroyo Grande reserves the right to accept or reject any or all bids or waive any informality in a bid." City staff has determined that the discrepancies constitute informalities since the original total bid (\$611,655.00) for the work is in line with the total after applying the corrected unit prices (\$611,654.59).

ALTERNATIVES:

The following alternatives are provided for the Council's consideration:

1. 1) Award a contract for the Cornwall Waterline Replacement Project to JF Will Company in the amount of \$611,654.59 subject to any minor, technical, or non-

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substantive changes as approved by the City Manager in consultation with the City Attorney; 2) Authorize the City Manager to approve change orders for 10% of the contract amount, \$61,165.46, for unanticipated costs during the construction phase of the project; and 3) Find the action exempt from the California Environmental Quality Act under the Class 1 and Class 2 exemptions;

2. Do not approve staff's recommendations and request further information; or
3. Modify staff's recommendation.

ADVANTAGES:

Replacing the water main on Cornwall Avenue from west of El Camino Real to North Rena Street will mitigate future issues of loss of water service and cost of repairs, future maintenance costs by utilizing new PVC pipe, and future disruptions to traffic and parking for maintenance and repairs.

DISADVANTAGES:

Replacement of the water main on Cornwall Avenue from west of El Camino Real to North Rena Street will result in a temporary shutdown of water service to customers during construction. Written notice will be provided, in advance, to all affected. The project will also result in temporary disruptions to vehicles and pedestrians, including parking, will occur. Signage and traffic flagging will be used during construction to minimize the impact.

ENVIRONMENTAL REVIEW:

The project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to the following:

- Class 1, Section 15301 Existing Facilities – This project is categorically exempt from the California Environmental Quality Act (“CEQA”) under the Class 1 exemption, which applies to the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing structures, facilities, mechanical equipment, or topographical features where the project involves negligible or no expansion of existing or former use (State CEQA Guidelines, § 15301.), because it involves the minor alteration of an existing watermain and does not substantively change its existing use.
- Class 2, Section 15302 Replacement or Reconstruction - This project is categorically exempt from the California Environmental Quality Act (“CEQA”) under the Class 2 exemption, which applies to the replacement or reconstruction of existing structures and facilities where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced (State CEQA Guidelines, § 15302.), because it involves replacing an old watermain with a new watermain in generally the same location and providing water service to the same properties.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

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ATTACHMENTS:

1. Bid Opening Log Sheet
2. Proposed Agreement