



**CITY OF KIRKLAND**  
**Department of Public Works**  
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[www.ci.kirkland.wa.us](http://www.ci.kirkland.wa.us)

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**MEMORANDUM**

**To:** David Ramsay, City Manager

**From:** Daryl Grigsby, Public Works Director  
Ray Steiger, P.E., Capital Projects Manager

**Date:** June 26, 2006

**Subject:** KIRKLAND AVENUE SEWER PROJECT – AUTHORIZATION TO AWARD CONTRACT

RECOMMENDATION:

It is recommended that the City Council award the construction contract for the Kirkland Avenue Sewer Project to Shoreline Construction Company of Woodinville, WA, in the amount of \$225,953.66. In addition, it is recommended that the Council authorize the use of \$139,000 from utility reserves for completion of the project.

BACKGROUND DISCUSSION:

The proposed scope of the project consists of replacing an aging sanitary sewermain and three existing manholes in two areas that are in close proximity of each other near the downtown area (Attachment A).

The Kirkland Avenue sewermain replacement element of the project came to be as a result of sewage effluent percolating to the surface and flowing down the street gutter in late 2005. A subsequent video inspection revealed a number of broken pipe joints and other pipe deficiencies along a 380-foot length of the sewermain which were previously unknown. Development activity adjacent to this section of Kirkland Avenue was proceeding and frontage improvements by the Developer were anticipated in the fall of 2006. Staff considered the option of requesting that City Council declare the situation an emergency, whereby a contractor could be hired immediately and the project constructed using a time and materials contract, however, the option of preparing a bid package seemed a more viable option given the time of the year. City Council authorized the use of \$130,000 utility reserves at their February 7, 2006 meeting for the design and construction of the sewermain replacement.

The manhole rehabilitation element of the project came about through maintenance activities in advance of the annual street preservation program. It was originally anticipated that manhole repairs would be done by the City crews in preparation for the overlay (Third Street is in the 2006 Overlay program). However, once the magnitude of the rehabilitation for these manholes was established, it became apparent that City crews did not have the size of excavation equipment necessary to complete the work. As a result, it was decided to utilize the annual manhole rehabilitation program to help offset the costs of the rehabilitation and to combine the manhole rehabilitation work with the Kirkland Sewer Project to take advantage of a larger project and to contract for the appropriately sized equipment.

At their meeting on June 6, 2006, Council authorized the Public Works staff to advertise for contractor bids on the project. On June 23, 2006, two bids were received and tabulated with the following results:

<b>CONTRACTOR</b>	<b>KIRKLAND AVE SEWERMAIN (Sched A)</b>	<b>THIRD STREET MANHOLE REHAB (Sched B)</b>	<b>TOTAL</b>
<i>Engineer's Estimate</i>	<i>\$130,000</i>	<i>\$50,000</i>	<i>\$180,000</i>
Shoreline Const.	\$162,067	\$63,887	\$225,954
Gary Merlino Const.	\$236,300	\$78,271	\$314,571

Based on the lack of interest in the subject project, as evidenced by the receipt of only two bids, it is apparent that the timing of the advertisement was not ideal. This can be attributed to the fact that it is the busiest time of the year for construction projects with all qualified contractors being busy. In other situations faced with a low number of bidders, Staff has recommended that City Council reject the bids and allow staff to advertise at a more competitive time of the year. Unfortunately, in this circumstance and despite the higher than anticipated bids, there are several compelling factors for moving forward with the overall project:

- The Kirkland Avenue sewermain is in disrepair, and it has been confirmed that effluent is coming to the surface from the main line.
- The new Trammel Crow condominium development, adjacent to the south side of the Kirkland Ave Sewer, will be installing curb and gutter and sidewalks and performing a half street overlay by the end of this summer.
- The Third Street manhole rehabilitations consist of the replacing manholes in 3<sup>rd</sup> Street which is also part of the 2006 Overlay Program; the aging manholes should be replaced prior to the overlay.

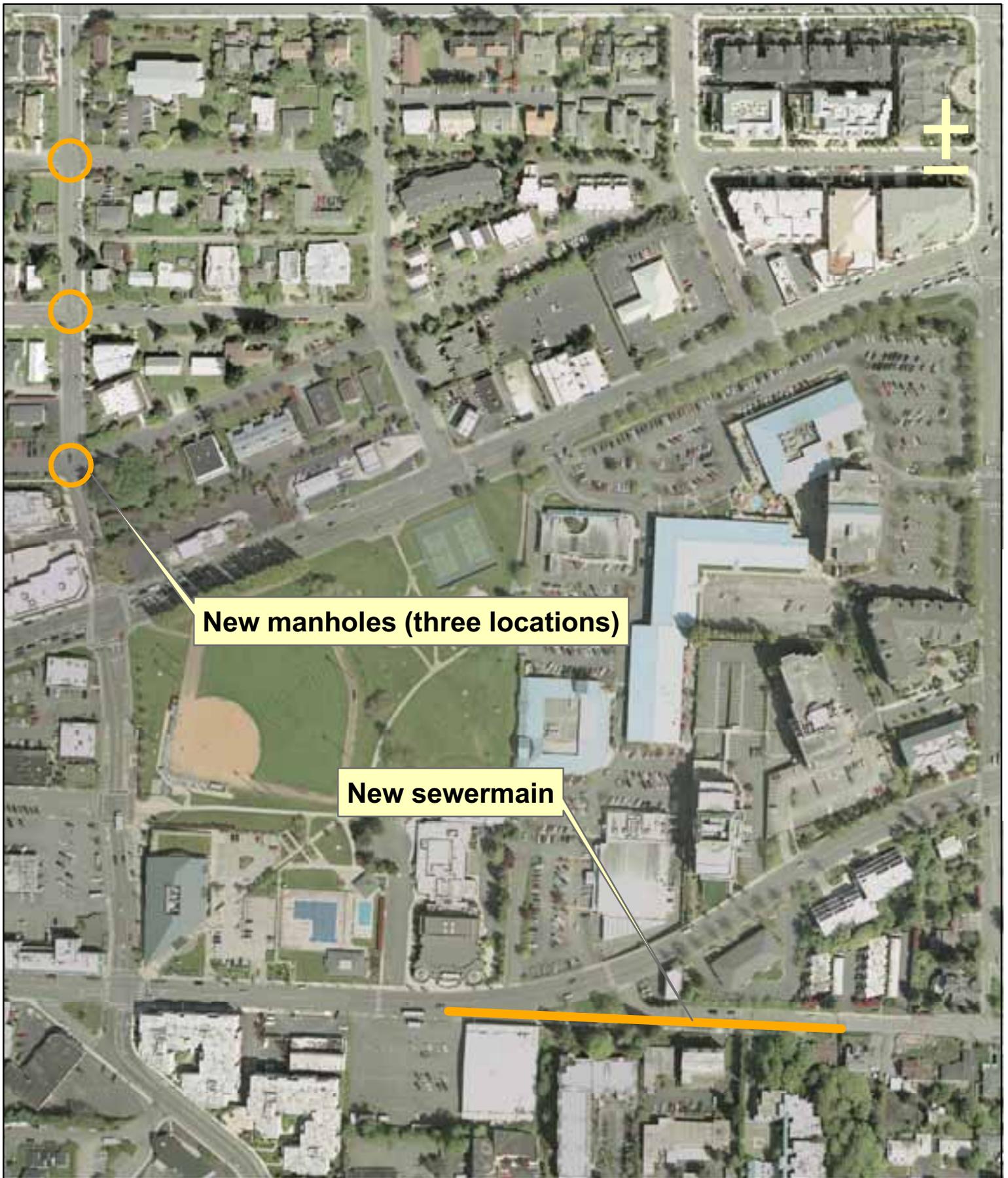
However, considering the impact on the utility reserve if, as staff recommends, both schedules are awarded (Attachment B), Staff has prepared three additional options for Council consideration:

- 1 a) Award contract "as-is" (Sched A & B) in the amount of \$225,953.66 and enter into a deductive change order negotiation with the contractor to reduce the number of manholes replaced under Schedule B; this option would result in a budget increase of between \$82,000 and \$139,000. Staff would report back on the final change order amount at a later date, and overlay of portions of Third Street would be delayed to another year.
- 1 b) Award the Kirkland Ave sewermain only (Sched A) in the amount of \$162,066.30. Between now and the July 20th Council meeting, staff will reduce the scope of the manhole rehab element and attempt to renegotiate a lesser contract amount with the low bidder. This option would result in a budget increase of \$82,000 to somewhat less than \$139,000; as in 1 a) portions of Third Street would be delayed.
- 2 Award the Kirkland Ave sewermain only (Sched A) in the amount of \$162,066.30, and defer the manhole rehab to 2007/2008. The scheduled overlay of this section of Third Street would be reduced or deferred until the manholes are replaced. This option would result in a budget increase of approximately \$75,000.

With Council approval, construction will begin in July and substantial completion is expected by the end of September, 2006.

Cc: Denise Pirola, P.E., Project Engineer

Attachments: (3)



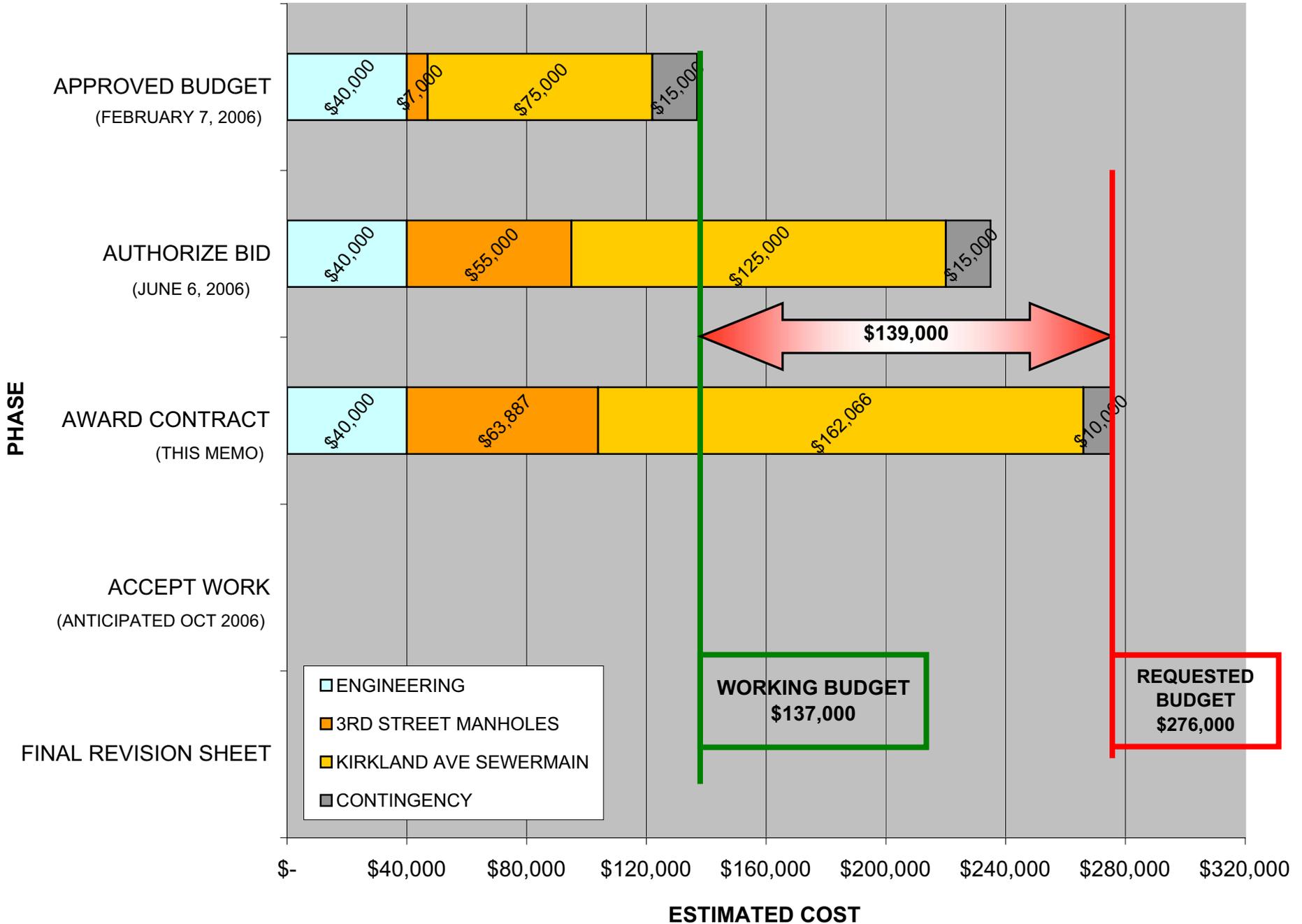
# Kirkland Ave Sewermain

City of Kirkland



# KIRKLAND SEWER PROJECT

## PROJECT BUDGET REPORT



**FISCAL NOTE**

Source of Request							
Daryl Grigsby, Public Works Director							
Description of Request							
Request for additional funding of \$139,000 from the Utility Construction Reserve for the Kirkland Avenue Sewer Line Replacement project. The costs for the project have increased due to the time of year that the bid was let and the continuation of higher than normal bid prices. Also, manhole repair costs have increased due to the magnitude of the repairs that are now needed.							
Legality/City Policy Basis							
Fiscal Impact							
<b>One-time use of \$139,000 of the Utility Construction Reserve.</b> The reserve is able to fully fund this request.							
Recommended Funding Source(s)							
	Description	2006 Est End Balance	Prior Auth. 2005-06 Uses	Prior Auth. 2005-06 Additions	Amount This Request	Revised 2006 End Balance	2006 Target
<b>Reserve</b>	Utility Construction Reserve	4,599,401	880,000	24,238	139,000	3,604,639	see below
	The Utility Construction Reserve accounts for capital contributions from utility rates and connections charges and is used to fund capital projects. Capital replacement cycles require that reserves accumulate to pay for future replacement of infrastructure to supplement the use of debt. The liability against this reserve occurs in future years as capital replacement needs peak.  2005-2006 Prior Authorized Uses includes \$350,000 for a Sewer Line Encasement along I-405, \$400,000 additional funding for the 2005 Emergency Sewer Program and \$130,000 initial funding for the Kirkland Avenue Sewer Line Replacement project. 2005-2006 Prior Authorized Additions include the return of funds from the closure of 3 watermain replacement projects that were completed under budget.						
<b>Revenue/ Exp Savings</b>							
<b>Other Source</b>							
Other Information							

Prepared By	Sandi Miller, Financial Planning Manager	Date	June 26, 2006
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