



CITY OF KIRKLAND

123 Fifth Avenue, Kirkland, WA 98033 425.587.3000

www.ci.kirkland.wa.us

MEMORANDUM

To: David Ramsay, City Manager

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

Date: November 6, 2007

Subject: 2007 EMERGENCY SEWER PROGRAM – AWARD CONTRACT

RECOMMENDATION:

It is recommended that the City Council award the construction contract for the 2007 Emergency Sewer Program (ESP) Project to Shoreline Construction Company of Woodinville, WA, in the amount of \$1,484,878.73. In addition, it is recommended that the City Council authorize a budget increase of \$485,000 with funds coming from utility reserves to fully fund the project.

BACKGROUND DISCUSSION:

The scope of this year's ESP project included the installation of sanitary sewer main in the following Kirkland neighborhoods (see Attachments 1-4):

South Rose Hill Neighborhood:

- 1) 122nd Avenue NE between NE 73rd & NE 78th Street
- 2) NE 72nd Street between 124th & 126th Avenue NE and 124th Avenue NE between NE 70th & NE 73rd Street
- 3) NE 72nd Street between 130th Ave NE & end of cul-de-sac and 130th Ave NE between NE 73rd and NE 71st Ct, and NE 73rd Street between 130th and 132nd Ave NE (additive area including during re-bid due to the NE 73rd Street Sidewalk project CNM-0052).

Juanita Neighborhood:

- 4) 115th Ave NE between NE 112th & 113th PL NE

The 2007 ESP project will provide sewer availability to 84 properties that are currently served by septic systems. This will bring the total number of properties able to connect to the City's sewer system through all ESP projects to four-hundred eight (408) properties (Attachment 5).

The most recent bid results came as a result of a second bid opening for the 2007 ESP project. On March 20, 2007 Council first authorized staff to advertise for contractor bids and on June 20th only three bids were received. At that first bid opening the lowest bid was from DDJ Construction Company of Ravendale, Washington, in the amount of \$1,505,030.48. Based on the lowest bid received from that first opening

the estimated assessment for each ESP beneficiary would have been approximately \$25,000-\$28,000 and, as a result, on August 7, 2007 staff recommended to Council the following: 1.) the first set of bids be rejected, 2.) that staff conduct an additional open house with the 2007 ESP property owners, and 3.) that the project be re-advertised during a more favorable bidding climate (Attachment 6).

On August 21, 2007 staff met with the property owners and discussed the first bid results together with a plan for the restructuring and re-bidding of the project during the fall when the prospect of a better outcome was anticipated. The residents were appreciative of the opportunity to be updated and supported the decision to reject the first bids; however, the general consensus of those in attendance was that staff should move forward with the Project's re-bidding as soon as it appeared that there would be a more competitive bidding climate. In fact, in addition to supporting the re-bidding, most of those present noted they were willing to pay the amounts in the bids from the June 20th opening. That view was based on their perspectives regarding the current construction climate as well as the potential costs of delay. Based on feedback at the earlier meetings we believe they will be supportive of the lower assessment of \$20,000-\$22,000 detailed below. Pending Council action, staff will send a program update to all the beneficiaries regarding the current assessment.

The first re- advertisement for the Project was on September 24, 2007 and on October 9, 2007 a total of nine bids were received and tabulated with the following results:

Contractor	Bid	
Shoreline Construction	\$ 1,484,878.73	
Buno	\$ 1,645,375.55	
DDJ	\$ 1,719,664.40	
<i>Engineers Estimate</i>	<i>\$ 1,736,247.15</i>	
Archer	\$ 1,759,306.89	
Thomco	\$ 1,757,916.14	
RL Alia	\$ 2,013,720.54	
KLB	\$ 2,046,437.91	
WM Dickson	\$ 2,012,734.61	
Ceccanti	\$ 2,391,572.45	

The total project cost, including all costs and \$50,000 for potential water main utility conflicts, is currently estimated at \$1.885 million (Attachment 7 & 8), which would result in an approximate cost per assessment of \$20,000-\$22,000. This new assessment amount represents an increase of approximately 29% over the 2005 ESP project; however, it is consistent with the overall escalation of construction costs (Attachment 9). The escalation used in the 2008-2013 CIP for sanitary sewer projects was 22% and the ESP project budget was increased from \$1.0 to \$1.4 million.

With Council award for the 2007 ESP, construction would begin in January with substantial completion expected in summer 2008.

cc: Denise Pirolo, PE, Project Engineer

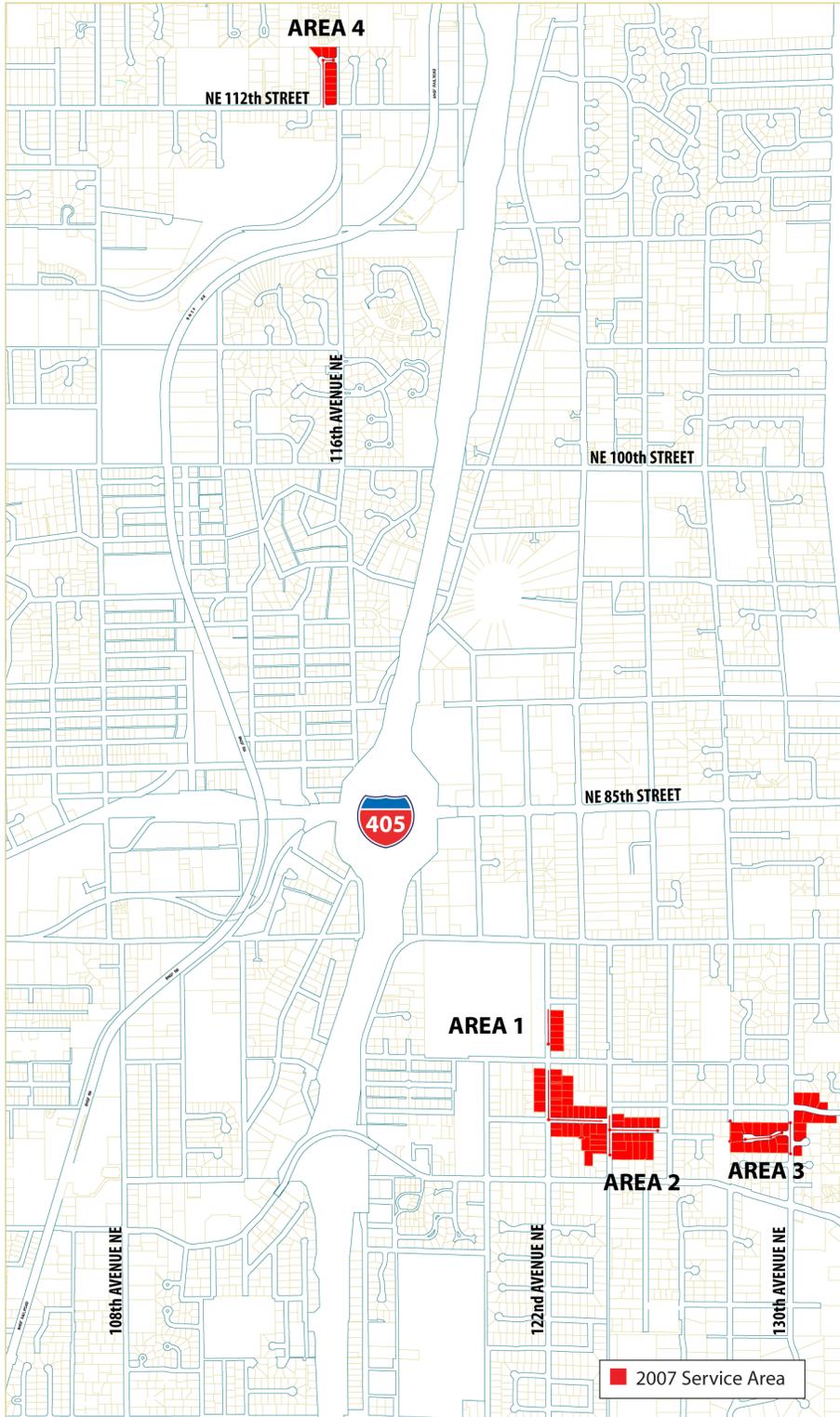
Attachments: Vicinity Maps
ESP Overview
Reject Bid Memo
Project Budget Report
Fiscal Note
ESP Escalation Costs



CITY OF KIRKLAND

2007 EMERGENCY SEWER PROGRAM

ATTACHMENT I





CITY OF KIRKLAND

2007 EMERGENCY SEWER PROGRAM

ATTACHMENT 2



LEGEND

-  - REPORTED FAILURE
-  - SERVICE AREA
-  - PROPOSED SANITARY SEWER ALIGNMENT
-  - EXISTING SANITARY SEWER MAIN

Area I

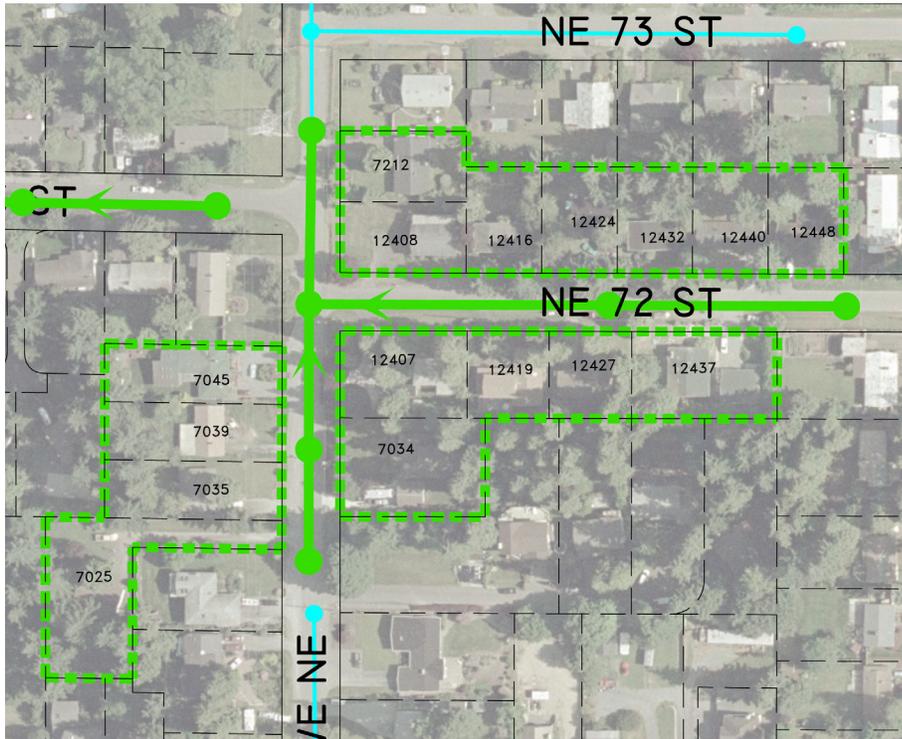




CITY OF KIRKLAND

2007 EMERGENCY SEWER PROGRAM

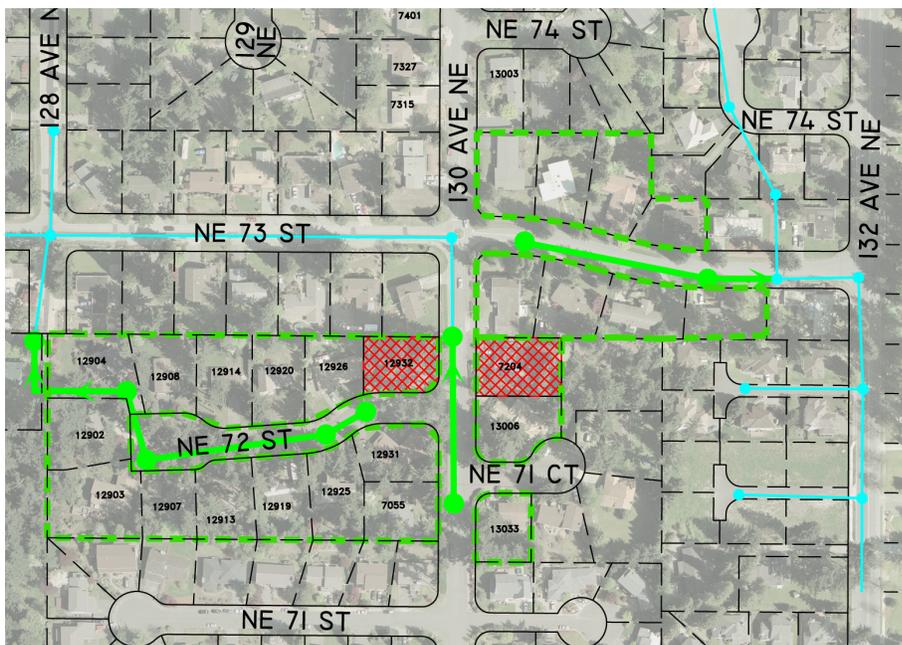
ATTACHMENT 3



LEGEND

-  - REPORTED FAILURE
-  - SERVICE AREA
-  - PROPOSED SANITARY SEWER ALIGNMENT
-  - EXISTING SANITARY SEWER MAIN

Area 2



Area 3

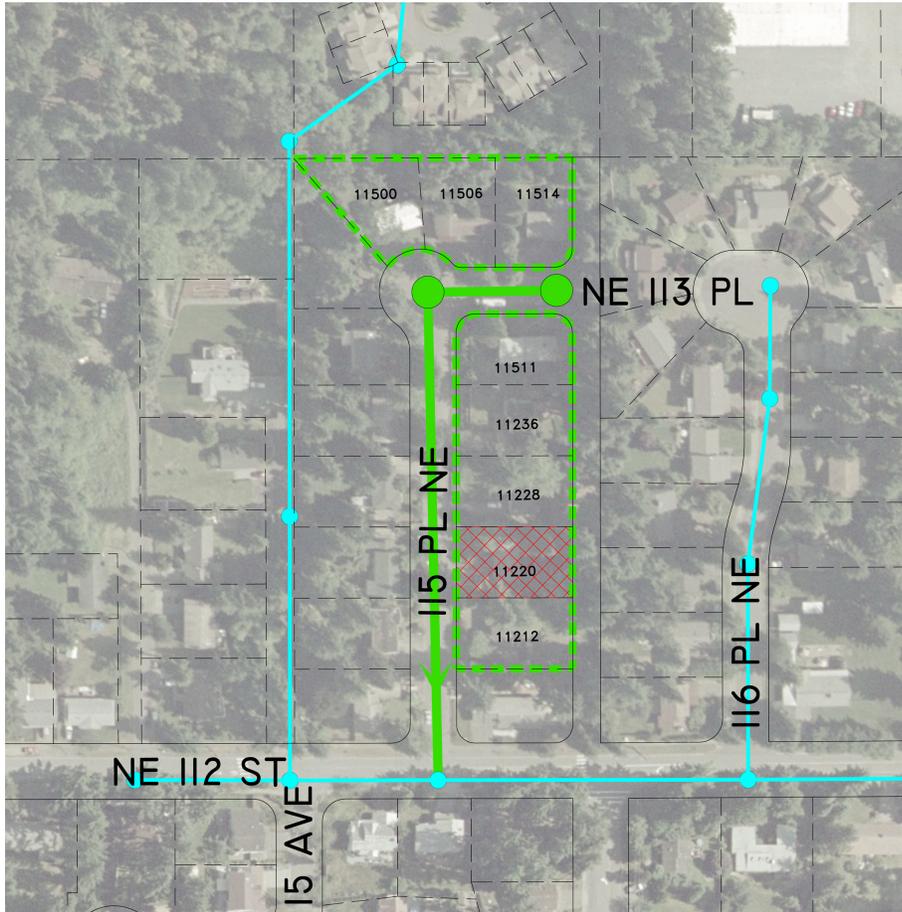




CITY OF KIRKLAND

2007 EMERGENCY SEWER PROGRAM

ATTACHMENT 4



LEGEND

- REPORTED FAILURE
- SERVICE AREA
- PROPOSED SANITARY SEWER ALIGNMENT
- EXISTING SANITARY SEWER MAIN

Area 4



EMERGENCY SEWER PROGRAM OVERVIEW

EMERGENCY SEWER PROGRAM OVERVIEW AS OF September 30, 2007

Program	Year	Length (lineal feet)	# Connections Provided*	Connected To Date	Final Project Cost	Cost Per Assessment	Reimbursed through 9/30/07	% Reimbursed	Principal Due
1	1999	2,900	54	34	\$576,028	\$8,025	\$474,576	82%	\$101,452
2	2001	4,756	74	43	\$725,995	\$9,726	\$611,290	84%	\$114,705
3	2003	5,700	113	42	\$1,435,668	\$11,857	\$963,293	67%	\$472,375
4	2005	4,150	83	15	\$1,325,925	\$15,975	\$449,713	34%	\$876,212
5	2007	4,597	84						
TOTAL		22,103	408	134	\$4,063,616		\$2,498,872	61%	\$1,564,744

*0.5 attributed to adjacent developer sewer extension

33% Percent Connected

Program	Year	Connections	Paid in Full	Payment Refinance	Payment Sale	Payment Other	ACTIVE Contracts	Delinquent Contracts	Inactive
1	1999	54	43	13	21	9	6	2	4
2	2001	74	57	20	15	22	11	2	7
3	2003	113	64	21	15	28	33	3	17
4	2005	83	25	3	4	17	20	3	44
5	2007	84							
TOTAL		408	189	57	55	76	70	10	72

% of Contracts paid with refinance	13.97%
% of Sales	13.48%
% Other (payout)	18.63%
Paid in full	46.32%

**CITY OF KIRKLAND**

123 Fifth Avenue, Kirkland, WA 98033 425.828.1100

www.ci.kirkland.wa.us**MEMORANDUM**

To: David Ramsay, City Manager

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

Date: August 7, 2007

Subject: 2007 EMERGENCY SEWER PROGRAM – REJECT BIDS, AUTHORIZE REBID

RECOMMENDATION:

It is recommended that the City Council reject bids received for the construction of the 2007 Emergency Sewer Project (ESP). Additionally, it is recommended that the Council authorize staff to reevaluate and/or modify the plans and specifications, and again advertise for contractor bids on the project later this fall.

BACKGROUND DISCUSSION:

The original scope of this year's ESP project included the installation of sanitary sewer main in the following Kirkland neighborhoods (Attachments A, B & C):

South Rose Hill Neighborhood –

- 1) 122nd Avenue NE between NE 73rd & NE 78th Street
- 2) NE 72nd Street between 124th & 126th Avenue NE and 124th Avenue NE between NE 70th & NE 73rd Street
- 3) NE 72nd Street between 130th Ave NE & end of cul-de-sac and 130th Ave NE between NE 73rd and NE 71st Ct

Juanita Neighborhood –

- 4) 115th Ave NE between NE 112th & 113th PL NE

At their meeting of March 20, 2007, Council was presented with the history and resident support of the 2007 ESP- a program that is to provide nearly 80 new sewer connections together with the construction of 4,100 lineal feet of new sewer main. At that meeting Council approved an increase to the overall project budget by \$400,000 revising it from \$1,000,000 to \$1,400,000 and authorized staff to prepare the project for contractor bids. Individual assessments for the beneficiaries of the program were calculated to be approximately \$18,000 per connection, based on construction costs of \$1,000,000 and a total project cost of 1,400,000. Using historical costs that have been experienced in the emergency sewer program, the \$18,000 appeared to be an appropriate estimate for the assessments (Attachment D).

On June 20th bids were opened and only three bids were received. The lowest bid was received from DDJ Construction Company of Ravendale, Washington in the amount of \$1,505,030.48, approximately 15% above the engineers estimate for the project:

Contractor	Base Bid
<i>Engineers Estimate</i>	\$1,326,151.23
DDJ	\$1,503,030.48
Kar_Vel	\$1,853,248.32
RL Alia	\$1,876,119.40

The lowest bid was approximately \$200,000 above the final engineer's estimate which was already higher than originally reported to Council in March based on several factors discovered during preparation of the final design: 1) one side street connections and 2) construction through a portion of private property in an area where all other utilities are underground. Based on feedback from the contractors, the currently available work for the utility contracts led to much higher than anticipated bids. Most importantly, the lowest bid would result in an increase to the individual assessments to nearly \$25,000 – significantly above that discussed with property owners. Besides what staff believes to be a higher than normal bid (based on seasonal bidding increases) and the significantly higher individual assessments, a third consideration was made in recommending that the bids be rejected.

During the spring of 2007 during the outreach on another City project not related to the ESP, a neighborhood meeting was held with the residents of the City's first Low Impact Development (LID) project - NE 73rd Street Sidewalk (NW-0052), and a number of comments were received about the desire for sanitary sewer. It was hoped that sewer would be provided prior to the LID project construction since currently most of the homes on the street are still served by septic systems. In order to ensure that all eight residents along the LID area were interested, an additional meeting was held on May 30, 2007 to inform the residents about the ESP program. It was also explained that the assessment amount would be incurred by each individual for the new sewer. There was positive feedback and a consensus that the road should be included as part of the 2007 ESP. There was insufficient time to design and include the NE 73rd Street element in the 2007 program; however with the rejection of bids, staff will be in a position to incorporate the street in a larger project this fall.

Considering the prices received at this bid opening and other recently opened bids, in consideration of delay increases that will be experienced to some degree, the engineers estimate has been revised to reflect rising bid item costs and updated to include the sewer main extension on NE 73rd. At this point, the total anticipated budget needs would be \$2.4 million. In consideration of these factors, Staff recommends the following:

- Reject the bids and reevaluate the project to find opportunities to reduce the cost;
- Advertise for bid in what will hopefully be a more competitive climate;
- Conduct an open house in September allowing the ESP property owners to weigh in on the increasing costs and newly revised assessment based on the latest cost estimate;
- Include NE 73rd in the contract to help reduce the overall assessment;
- Consider bidding the project as several schedules in order to evaluate and not include 115th PL NE that may be driving the project cost up higher.

With Council's approval Staff will move forward with the preceding steps and return prior to bid with an updated report on the status of the project. Under the current schedule, Staff anticipates re-advertising late this fall/winter.

During the recent CIP discussions, Council asked for an update on the availability of sewer under the Emergency Sewer Program (four successful programs prior to this year). As a follow up on that request, Staff has assembled information for Council. Since the original report was delivered in 1998 when approximately 1500 properties were estimated to be on septic systems (INSERT THE ATTACHMENT # OF THE 1999 SEPTIC MAP) and would require approximately 87,000 feet of new sewermain, the ESP program has installed approximately 17,500 feet of new main. During the same timeframe, Development activity has installed approximately 48,000 feet of new main (Attachments X & Y). Although the amount of developer installed sewermain is approximately three times that done by the ESP, much of the developer

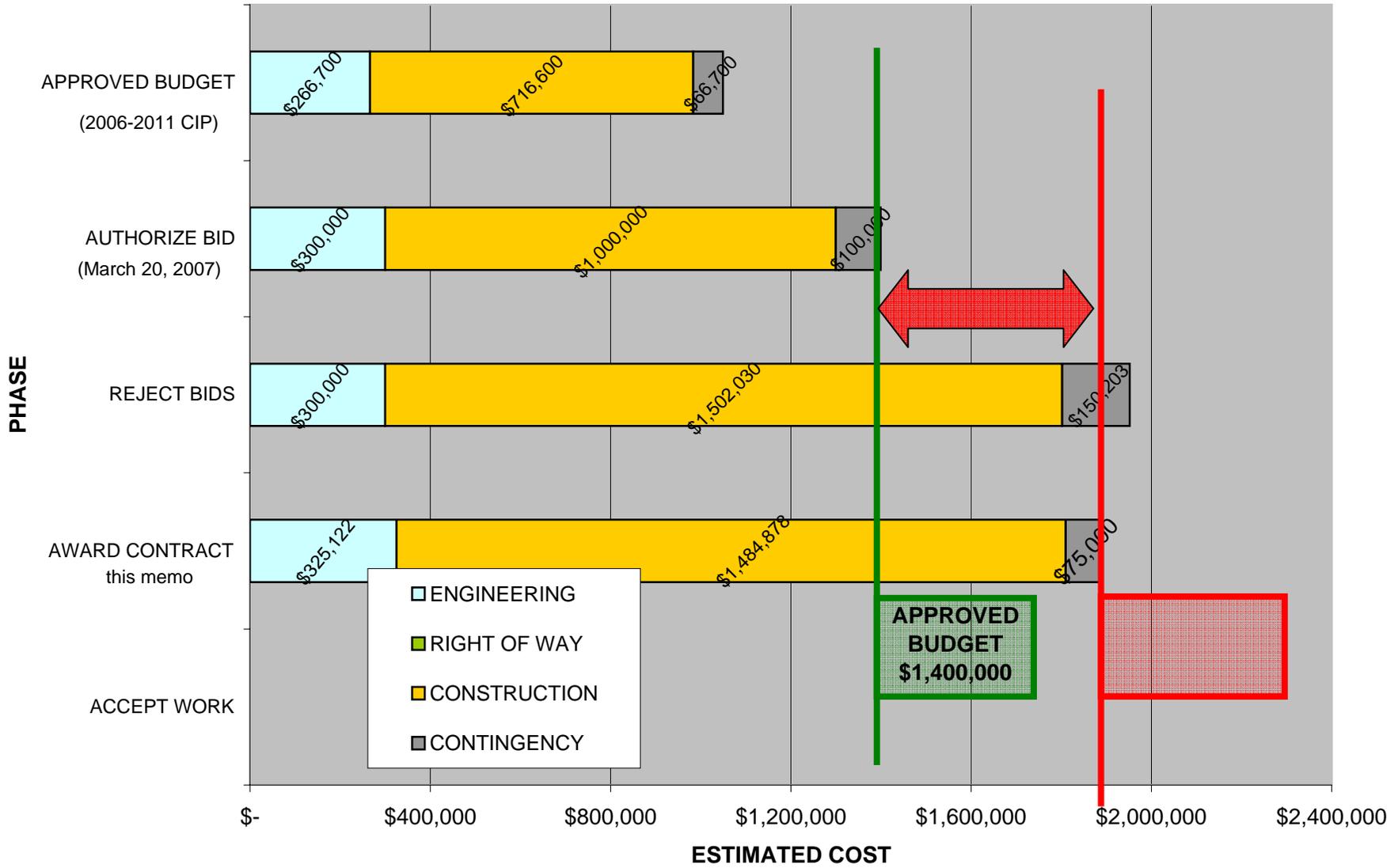
Memorandum to Dave Ramsay
August 7, 2007
Page 3

installed sewermain is within development or serves short-plats, subdivisions, etc, not in the septic system area, and thus does not directly provide the opportunity for residents to connect and get off septic systems. A more reasonable estimate of the developer installed sewermain which allows residents to connect and get off septic systems is approximately equivalent to that installed by the ESP. Thus if on an average 9000' per program year is installed, it is estimated that the entire City can be served in approximately 12-16 years.

cc: Denise Pirolo, PE, Project Engineer

Attachments: (2)

2007 EMERGENCY SEWER PROGRAM PROJECT BUDGET REPORT



FISCAL NOTE

CITY OF KIRKLAND

Source of Request

Daryl Grigsby, Public Works Director

Description of Request

Request for additional funding of \$485,000 from the Utility Construction Reserve for the 2007 Emergency Sewer Program to complete areas in the South Rose Hill and Juanita neighborhoods and to address four failed septic systems. Due to expected increased costs, the Council previously approved \$350,000 towards the completion of the project. The first round of bids was rejected in August 2007 because of even greater than expected costs and the increased assessment amount per homeowner. The second round of bids was received in October with a low bid that is acceptable. The estimated total project cost is still greater than the approved budget and an additional \$485,000 is being requested to address the four failures and install 84 connections.

Legality/City Policy Basis

The Emergency Sewer Program was established to provide financing for sewer extensions to allow properties that are currently on septic systems to connect to the City's sanitary sewer system. The program provides for repayment to begin within ten years of the improvement or when a property either connects to the sewer extension or changes ownership.

Fiscal Impact

One-time use of \$485,000 of the Utility Construction Reserve designated for future capital projects. The reserve is fully able to fund this request. No future water/sewer CIP projects are delayed or eliminated due to this request.

Recommended Funding Source(s)

	Description	2008 Est End Balance	Prior Auth. 2007-08 Uses	Prior Auth. 2007-08 Additions	Amount This Request	Revised 2008 End Balance	2008 Target
Reserve	Utility Construction Reserve	8,738,358	350,000	0	485,000	7,903,358	see below
	<p>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.</p> <p>2007-2008 Prior Authorized Uses includes a previous request for additional funding of \$350,000 for the 2007 Emergency Sewer Program due to increased costs.</p>						
Revenue/Exp Savings							
Other Source							

Other Information

Prepared By	Sandi Hines, Financial Planning Manager	Date	October 25, 2007
-------------	---	------	------------------

Emergency Sewer Program (Construction Bids for 8" PVC pipe)

