



CITY OF KIRKLAND

City Manager's Office

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MEMORANDUM

To: David Ramsay, City Manager

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

Date: July 13, 2009

Subject: 2009 EMERGENCY SEWER PROGRAM – AWARD CONTRACT

RECOMMENDATION:

It is recommended that City Council award the construction contract for Schedules A, B and C (*modified*) for the 2009 Emergency Sewer Program (ESP) Project, to Universal Land Construction Company in the amount of \$741,322.83.

BACKGROUND DISCUSSION:

The ESP helps safeguard the environment from poorly maintained or failed septic systems and a program to extend sewer main lines to those areas of Kirkland with older and/or failing systems was first developed in 1998. Currently, there are an estimated 1,100 Kirkland properties with active septic systems. Under the authority of the Program, benefiting property owners are assessed a proportionate share of the Program costs; multiple payback timeframes are available with up to 20 years for full payback. At the completion of the improvements, owners are given an option of making a full payment of the assessment or of entering into a low interest (currently 3.5 %) loan agreement with the City to pay back their share of the construction cost over a ten year period.

The 2009 ESP is the sixth biennial project with past projects occurring in 1999, 2001, 2003, 2005 and 2007. The 2009 ESP can provide 54 connections, providing sewer availability to 50 properties and brings the overall total number of connections provided by the ESP program to 463. The scope of the 2009 ESP includes the installation of new sanitary sewer main in the following North and South Rose Hill Neighborhood areas (Attachment A), and the Program History is provided (Attachment B):

1. NE 88th Street between 132nd Avenue NE and 130th Avenue NE.
2. NE 87th Street/131 Avenue NE between 130th Avenue NE and NE 85th Street.
3. 132nd Avenue NE between NE 88th Street and NE 85th Street.
4. NE 107th Street (*Alternate Schedule C*)
5. 124th Avenue NE between NE 107th Place and NE 107th Street.
6. 123rd Avenue NE south from NE 108th Street (connecting to Slater Avenue to the west).
7. NE 75th St, between 124th Ave Ne and 126th Ave NE

At their regular meeting of May 19, 2009, Council received an ESP update and approved a response letter to a resident concerned about the rising cost of individual assessments. In the agenda memo for this same meeting, staff detailed the Program's history and the reasons why the historical costs for each Program year was increasing; staff also informed Council at that meeting that a third open house would be held after the 2009 bid results were known in order to provide all beneficiaries with the latest information and to gather resident comments for presenting to Council at a subsequent Council meeting.

The current project was advertised during the weeks of June 16 and June 23 and ten contractor bids were opened on July 2nd; results are as follows:

Contractor	Schedule A (sewer)	Schedule B * (water)	Add. Alt. Schedule C (sewer)	Base Bid (Schedule A & B)
Universal Land	\$ 504,754.16	\$ 124,916.89	\$ 111,651.78	\$ 629,671.05
Rodarte Const.	\$ 600,362.08	\$ 120,641.63	\$ 130,031.25	\$ 721,003.71
Laser Underground	\$ 611,223.20	\$ 117,115.73	\$ 134,318.28	\$ 728,338.93
Buno Construction	\$ 633,994.05	\$ 99,606.68	\$ 152,292.60	\$ 733,600.73
Dennis R. Craig	\$ 616,886.04	\$ 128,872.87	\$ 165,207.52	\$ 745,758.91
Work Construction	\$ 648,803.60	\$ 99,891.48	\$ 134,802.82	\$ 748,695.08
Johansen Excavating	\$ 654,080.73	\$ 139,360.65	\$ 164,715.38	\$ 793,441.38
West Coast Const.	\$ 633,616.65	\$ 168,350.78	\$ 169,464.94	\$ 801,967.43
Pivetta Bros.	\$ 714,321.06	\$ 127,432.87	\$ 127,369.31	\$ 841,753.93
<i>Engineer's Est.</i>	<i>\$ 910,301.00</i>	<i>\$ 161,122.00</i>	<i>\$ 185,457.00</i>	<i>\$1,013,546.00</i>
Construct Co.	\$ 808,073.87	\$ 219,463.19	\$ 217,285.23	\$1,027,537.06

- (Schedule B represents water system upgrades that are not a part of the ESP program. Numbers above do not include pavement restoration or engineering/inspection expenses)

In addition to the new sewer main line work, included within the low bid above, the cost of pavement restoration (estimated at \$41,000) plus the cost of engineering and construction administration/inspection services (estimated at \$310,000) will add to the total 2009 ESP costs. With these additional costs figured in, the total Program cost (for schedules A & C) will be approximately \$967,000, which represents a reduction of \$479,000 (33.1%) from the original estimated Project costs of \$1,446,639 (Attachment C).

Historical data indicates that since 2001, construction inflation for sanitary sewer work has increased an average of 37% per 2-year cycle. An anticipated 37% increase from the 2007 assessment of \$19,864 per connection yielded an estimated assessment \$27,213 for 2009, however, the low bid received for the current Program now indicates an estimated cost per assessment of around \$18,000, resulting in a potential decrease of \$8,876 below historical construction inflation cost data. In our discussions with contractors and consultants, the general conclusion is that our current unusual bidding environment will not last and that constructing the 2009 ESP elements for the contractor pricing received is not likely to continue in the future (Attachment D).

Two public open houses were held during the design development for the 2009 ESP. At those meetings, and through subsequent mailings, all potential Program beneficiaries within the areas

being considered were provided with information on the estimated costs for assessments and other associated costs. Staff also provided information on payment requirements, City financing options, and a typical construction schedule. As an outcome of those meetings, there has been measured opposition to the current Program, primarily based on the (then) estimated cost of \$27,000 per assessment. At those open houses, staff indicated that the current bidding climate was expected to produce very competitive contractor bids and that we could expect final costs to be lower than those estimated. To that end, staff explained to the beneficiaries that proceeding with advertising for contractor bids was the only way to determine more closely what the final assessment amount could be.

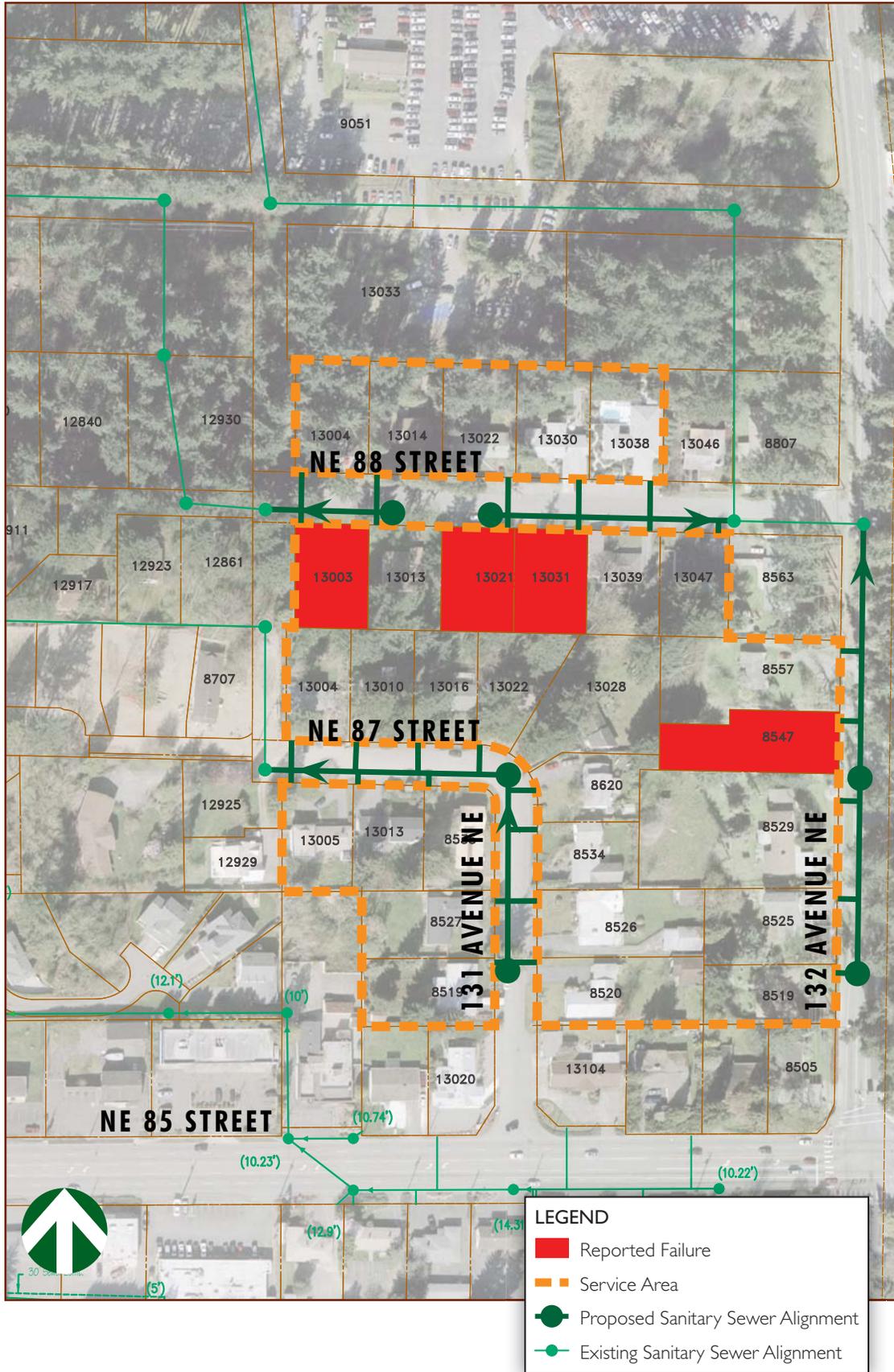
A third open house was held on July 9th with a total of nine prospective Program beneficiaries in attendance. At that meeting staff presented the actual results of the bid opening and the new reduced estimated assessment. While everyone at the meeting appeared pleased about the lower assessment, it was clear that not everyone in the current Program areas is fully supportive of the 2009 Project. Of the nine attendees, three are supportive for the construction to begin, one showed cautious support, two expressed financial concerns and two articulated complete rejection of their being included in the Program. Based on the open house response, staff recommends awarding all schedules, however due to the specific location of the cluster of properties rejecting their inclusion in the program, a minor revision to the project will allow the Program to still serve the failed systems.

The cluster of property owners that continue to reject the Program are on NE 107th Street west of 124th Ave NE (Area 2) (Attachment F). There are four properties within this cluster which includes one property that recently reconstructed their septic system (expending approximately \$20,000 for an above ground system), Duane and Nancy Earlywine (who addressed Council in May), and Jeff Randolph (who wrote to the Council in May). The properties will be excluded from the project limits by modifying the scope of work with the Contractor by a deductive change order. If and when the property owners decide to extend sewer to serve their properties, they will be required to install the improvements including the sewer main, manholes and side-sewers. Staff estimates the reduction to the overall construction contract of approximately \$12,000 by eliminating these properties, however the overall assessments will remain relatively the same due to fixed costs such as engineering, inspection and contractor overhead.

Based on the results of the Project bid, together with the demonstrated need to serve existing septic system failures within the Program area and the outcome of the three public meetings, staff recommends Council award all schedules of the 2009 ESP to Universal Land Construction Company. Area 2 will be modified slightly by change order. With a Council award of the construction contract at their meeting of July 21st, the sewer construction would start in August and be substantially complete by December 2009. The final street paving element of the overall Project will follow during the 2010 Annual Street Preservation Program and final assessments will be calculated once that work is completed.

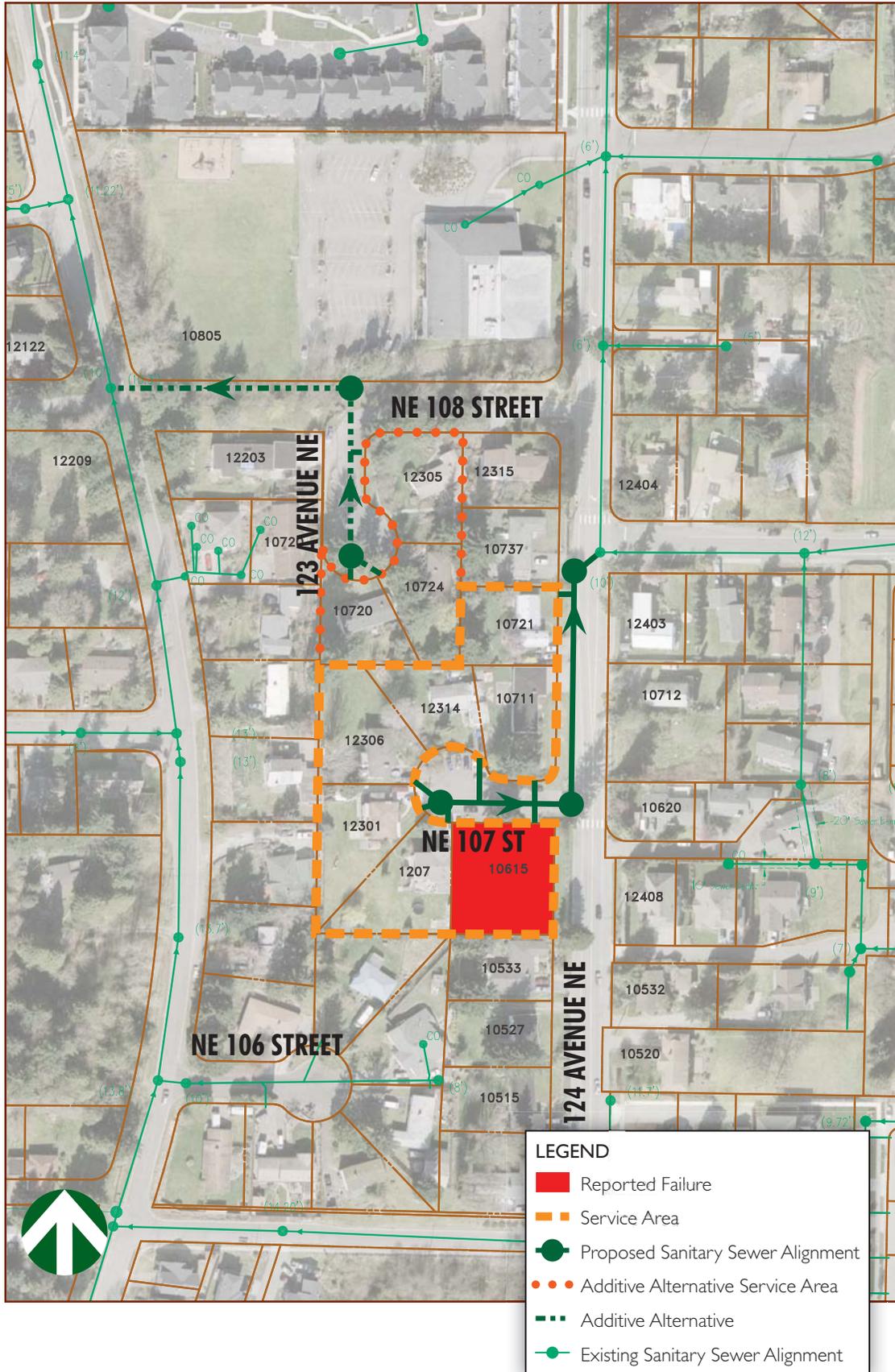


Attachment A (Detail of Area 1)





Attachment A (Detail of Area 2)



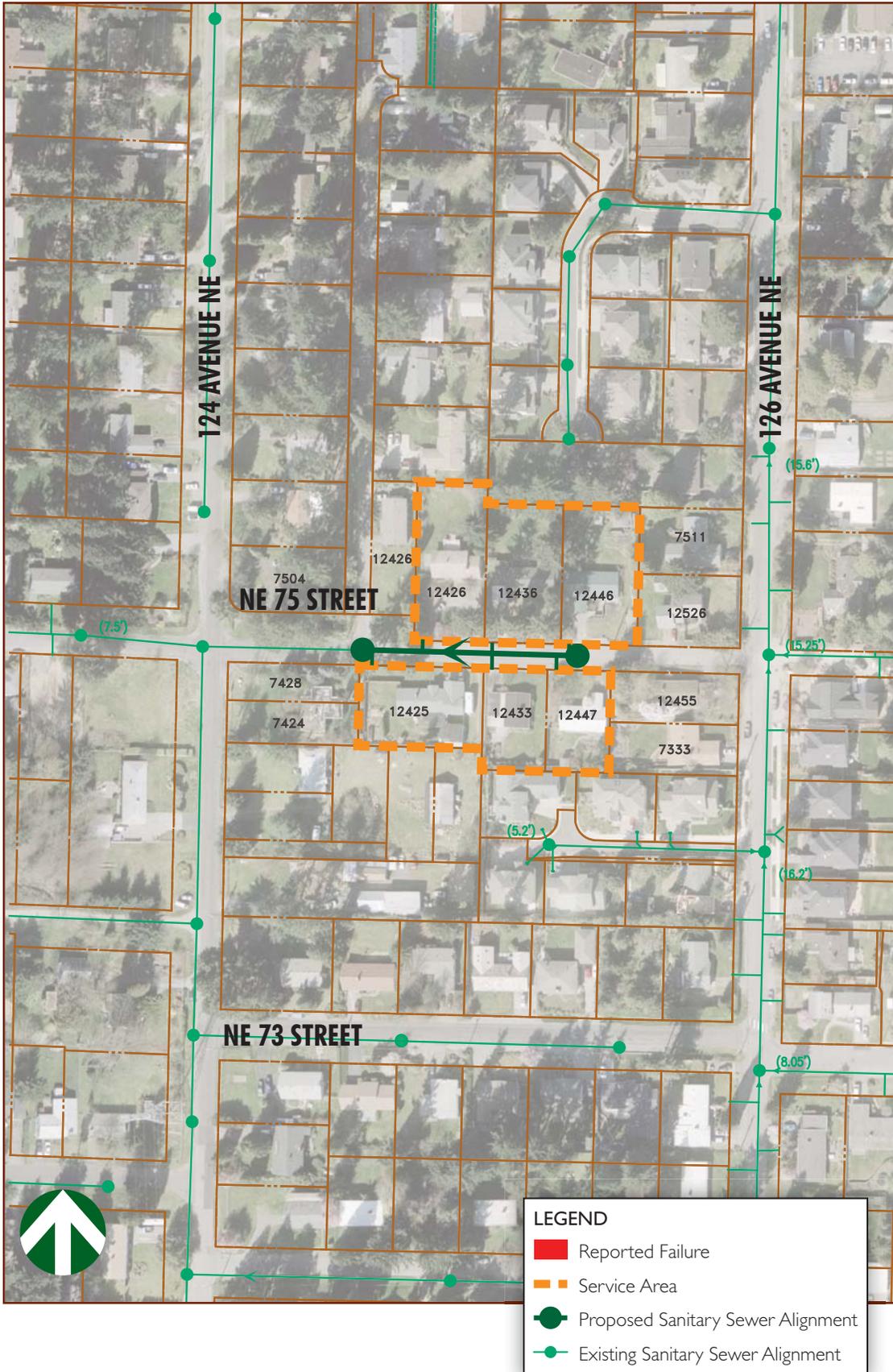


CITY OF KIRKLAND

2009 Emergency Sewer Program



Attachment A
(Detail of Area 3)



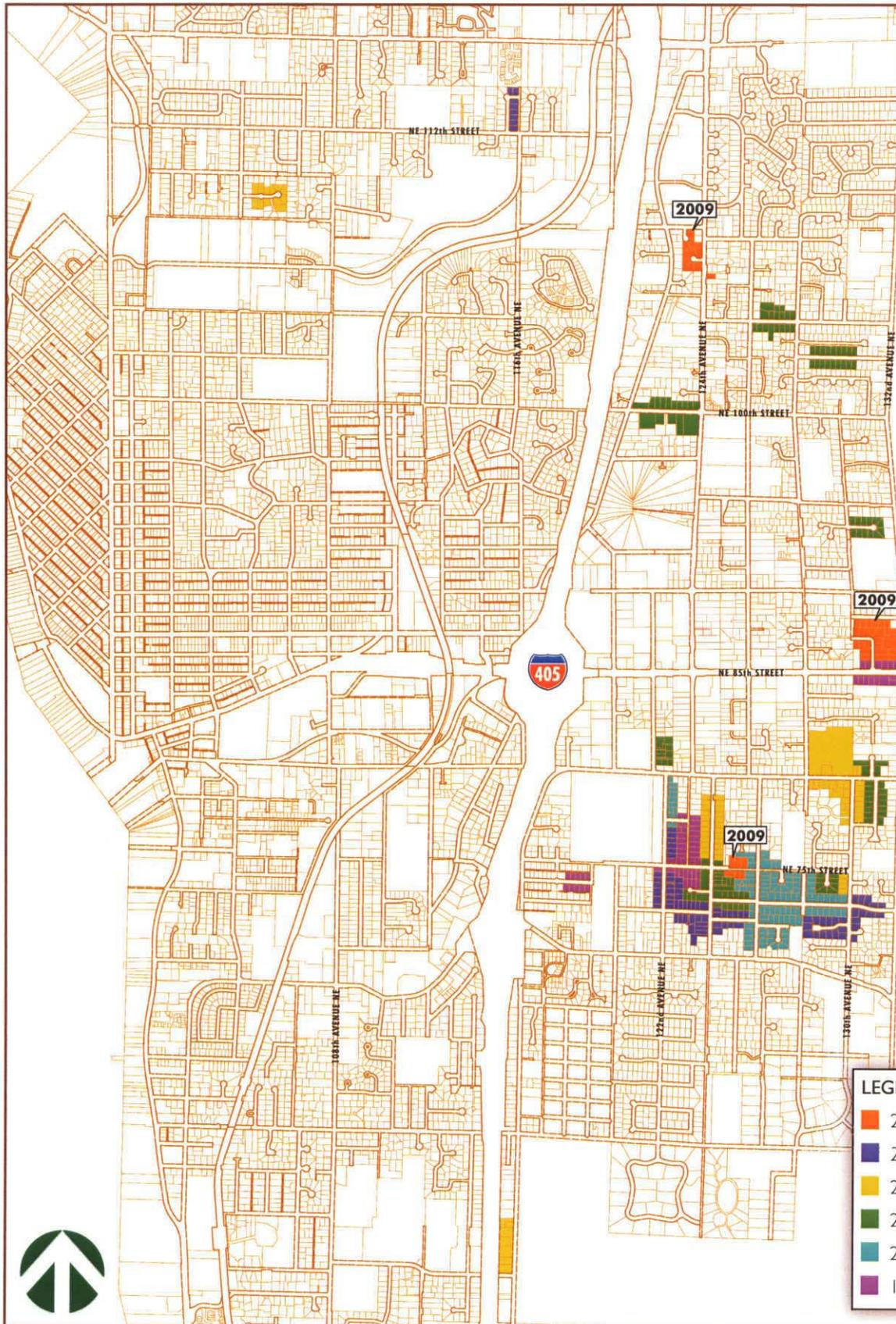


CITY OF KIRKLAND

2009 Emergency Sewer Program



Attachment B (Overall Vicinity Map)

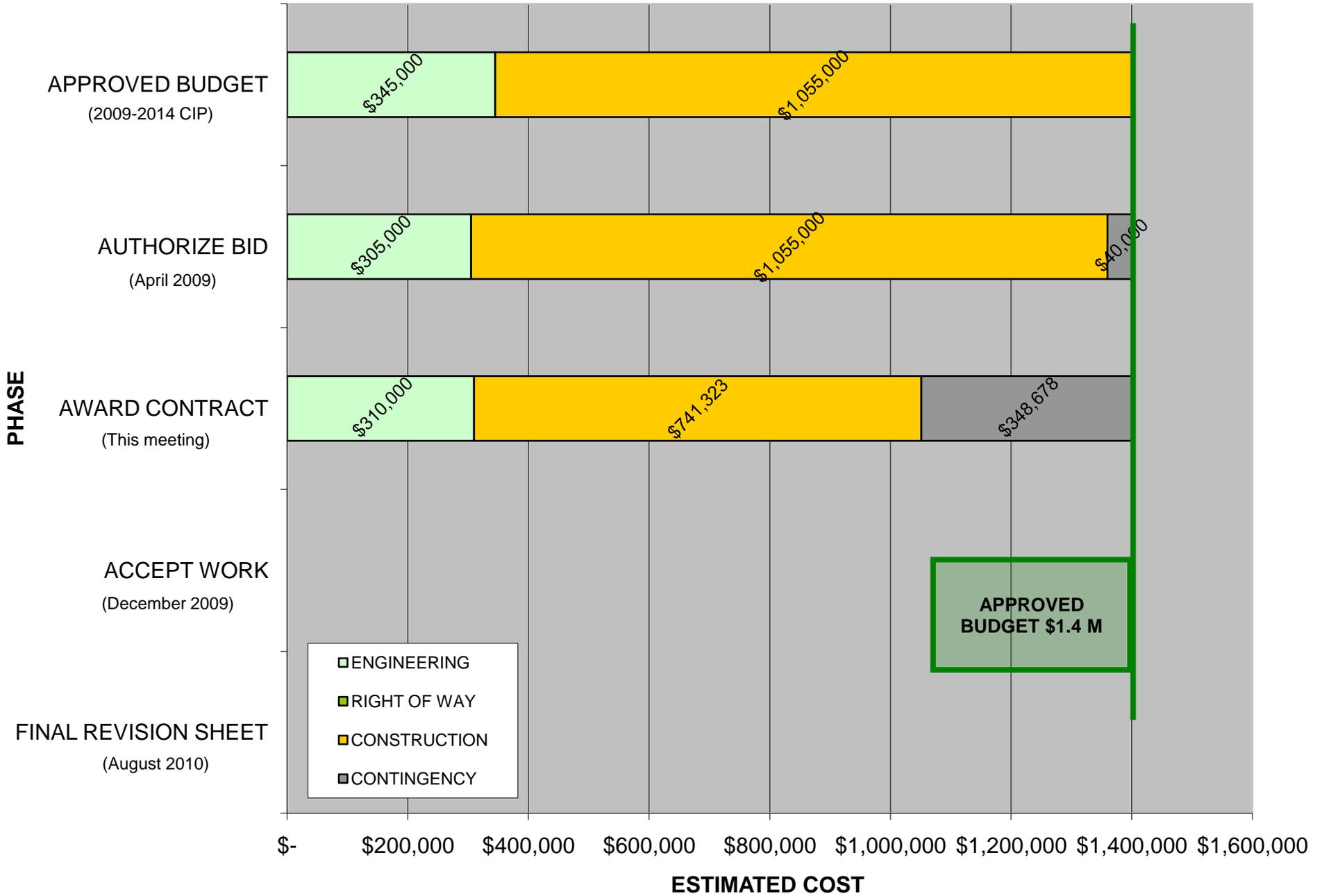


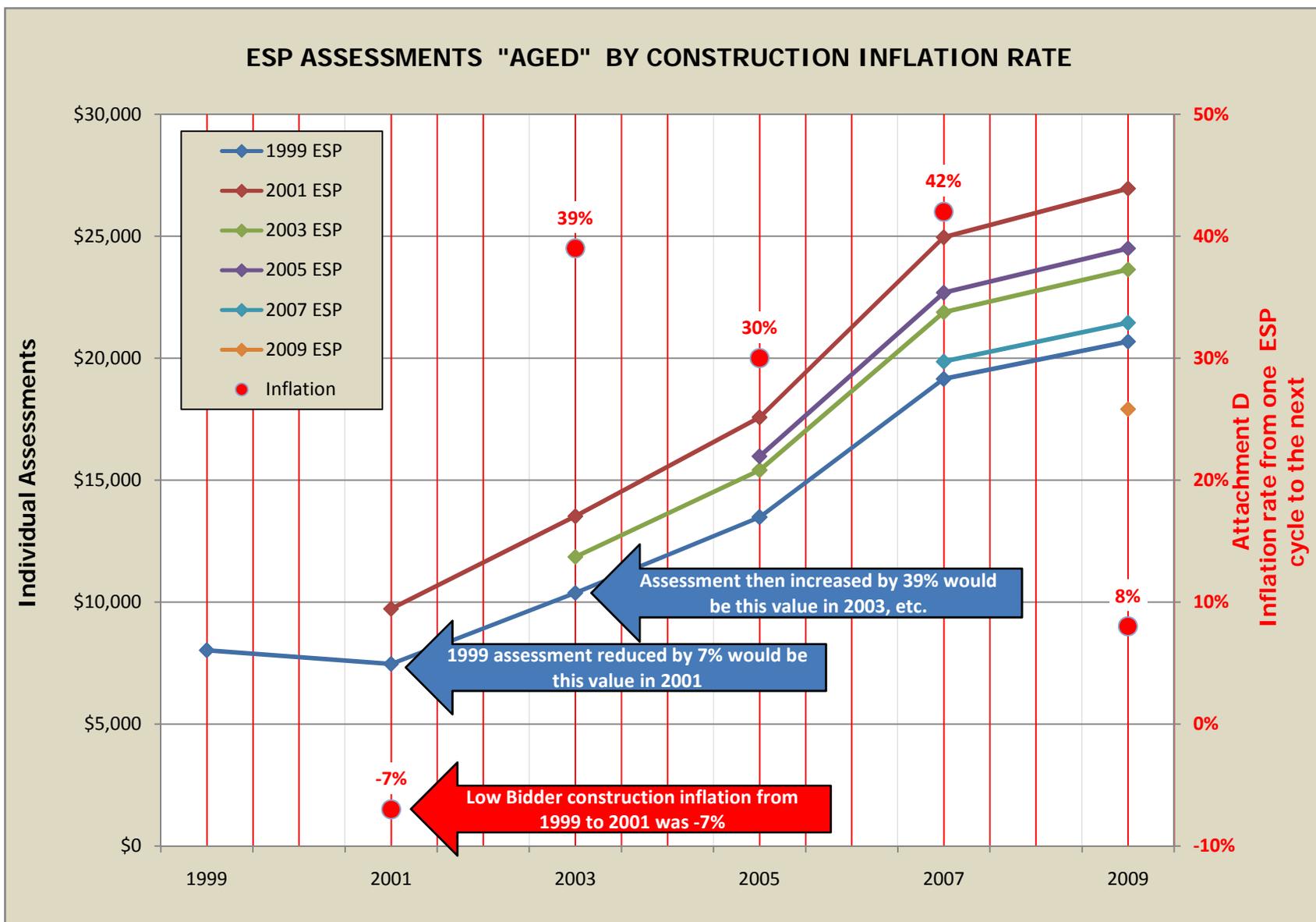
LEGEND

- 2009 Proposed Service Area
- 2007 Service Area
- 2005 Service Area
- 2003 Service Area
- 2001 Service Area
- 1999 Service Area

(CSS-0056 2009 Emergency Sewer Program)

PROJECT BUDGET REPORT





Attachment E

2009 ESP Open House Responses

Name	Address	Meeting 12/9/2008	Meeting 4/29/2009	Meeting 7/9/2009	Attitude
AREA 1					
Hernandez	13005 NE 87th St		X		
Payne	13013 NE 87th St		X		
B. Kooistra	13022 NE 88th St	X			
Brewer	13046 NE 88th St			X	
Garris/Fay	13031 NE 88th St		X		
George	13021 NE 88th St		X		
Hoxie	13003 NE 88th St	X	X	X	Supportive
Kerr-Wilson	12830 NE 88th ST	X			
M. Kooistra	13014 NE 88th St	X			
Quaslund	13038 NE 88th St	X		X	
Roth	13047 NE 88TH ST	No meeting attended			Supportive
Armstrong	8534 131st Ave NE	X			
Moini	8526 131st Ave NE	X			
Molholt	8620 131st Ave NE			X	Supportive
Pigatto	8535 131ST AVE NE	No meeting attended			Supportive
Andrews	8529 132nd Ave NE			X	Supportive
Briseno	8547 132nd Ave NE	X			
Rucker	8563 132nd Ave NE	No meeting attended			Possible Support

Area 2-A

B. Randolph	12301 NE 107th St		X	X	Possible Support
Earlywine	12314 NE 107th St		X	X	Unsupportive
J. Randolph	12307 NE 107th St		X	X	Unsupportive
Wu	12306 NE 107TH ST	No meeting attended			Possible Support
Obert	10615 124th Ave NE	No meeting attended			Supportive

Area 2-B

Decoy	12305 NE 108TH ST	No meeting attended			Possible Support
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Area 3

Chandler	12436 NE 75th St			X	
Sorenson	12446 NE 75th St		X		Supportive

Note: Attitude towards program provided where one was given by participant.



Attachment F
(Detail of Area 2)

