



**DATE:** December 13, 2016  
**TO:** Mayor and City Council  
**FROM:** Director of Utilities & Environmental Services

**SUBJECT**

New Garin Reservoir and Pump Station Improvements: Approval of Plans and Specifications, and Call for Bids

**RECOMMENDATION**

That Council adopts the attached resolution (Attachment I) approving the plans and specifications for the New Garin Reservoir and Pump Station Improvements and calling for bids to be received on March 7, 2017.

**BACKGROUND**

On May 26, 2015, Council approved Resolution No. 15-086, revising Conditions of Approval No. 58 and No. 120 related to project water system improvement. The revision stipulates that the City will build a new 0.75 million-gallon water storage reservoir and upgrade the existing Garin Pump Station to accommodate the La Vista development. Subsequently, on June 23, 2015, Council also approved the Final Map for Tract 7620 – La Vista Development and authorized the execution of the Subdivision Agreement.

To ensure that the required water system improvements are built in a timely manner and to provide a greater degree of control over the design and construction of critical infrastructure, it is particularly important that the tank be designed with attention to all details and constructed with high quality materials. Further, as the tank will be constructed on what is now City property, and will be adjacent and connected to an in-service City tank, it is preferable that the work be done under staff's supervision. This will ensure the City has maximum flexibility and prerogative to direct the contractor on how and when to do the work. Staff discussed the possibility of the City administering the design and construction of the improvements with La Vista, L.P., representatives, and they are supportive and agreed to this approach.

On June 15, 2015, the City entered an agreement with La Vista, L.P., that the City will be reimbursed for all costs associated with the design and construction of the water storage reservoir and pump station upgrades. La Vista, L.P., shall pay to the City a fee for each new single-family residence prior to issuance of building permit to fully reimburse the City for design and construction costs. La Vista, L.P., also provided funds in the amount of \$300,000

for the design of the improvements, and a repayment schedule has been established, whereby La Vista, L.P., would pay a per-dwelling-unit fee to the City prior to the issuance of each building permit for a residence. This fee would be separate and distinct from, and in addition to all other applicable development-related fees and charges. The proposed per dwelling fee, which includes a 5% per year interest, has been calculated at \$20,534. The fact that building permits will not be issued without payment of this fee provides a safeguard to limit the risk of non-payment. The reimbursement agreement also included an option to delay the bid process and construction of the improvements until the Developer has paid at least \$1,500,000 in reimbursement fees (equivalent to the issuance of seventy-three building permits). The agreement between the City and the Developer which governs this arrangement has been filed with the Alameda County Recorder's Office.

On September 15, 2015, Council approved Resolution No. 15-172, authorizing the City to enter into a Professional Services Agreement with Kleinfelder, Inc. for design services and technical support during construction.

## **DISCUSSION**

Based on the facts that the development's infrastructure improvements are under construction and the developer is in the process of applying for building permits, it is reasonable to assume that home construction will soon begin. Furthermore, while the plans and specifications are not fully finalized yet, bidding the project at this time, and not delaying it through the holidays, will allow the contractors to prepare and submit bids during the winter months when they are not otherwise busy with construction work. This can help the project potentially receive more bids and thus a more competitive low bid. The schedule will also allow construction to begin in the spring and take advantage of the summer dry season.

## **ECONOMIC IMPACT**

There are no economic impacts to Hayward customers. All of the construction costs will be paid by the developer as agreed upon with La Vista, L. P., and in accordance with the terms of the agreement mentioned in this report. The developer will reimburse the City for all costs, with interest, as building permits are issued for the new homes.

## **FISCAL IMPACT**

The estimated project costs are as follows:

Professional Engineering Services – Consultant	\$300,000
Design Administration – City Staff	\$50,000
Testing and Inspection Services (Estimated)	\$100,000
Construction Contract (Estimated)	\$3,259,000
Administrative Change Orders (Estimated)	\$163,000
Total:	\$3,872,000

A total of \$2,850,000 has been appropriated for this project in the Water System Capital Improvement Fund. As shown above, the current total estimated cost to design and construct the water reservoir exceeds this amount. The original estimates were based on conceptual design. These costs are typically developed when project definition is at the planning stage. Expected accuracy for a planning stage estimate typically ranges from 50% below or above the actual cost. The current estimate in this case is approximately 35% higher. The extent of the funding shortfall will be determined after the construction bids have been received. Staff will request that Council appropriate additional funds from the Water System Capital Improvement fund balance at the time of award. Adequate fund balance is available to cover the necessary appropriation. As mentioned previously, La Vista L.P. will be responsible for reimbursing the City for all costs related to this project.

## **PUBLIC CONTACT**

City staff has worked closely with representatives of La Vista, L.P., through all elements of this project. There is no material impact on other Hayward residents and businesses.

## **NEXT STEPS**

Following Council approval, and finalizing plans and specifications, staff will advertise the project for public bidding. Staff will return to the City Council for award of the construction contract after bids have been received and reviewed. The following schedule has been developed for this project:

Receive Bids	March 7, 2017
Award Construction Contract	April 4, 2017
Construction Completion	March 2018

*Prepared by:* Tay Nguyen, Assistant Civil Engineer

*Recommended by:* Alex Ameri, Director of Utilities & Environmental Services

*Approved by:*



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Kelly McAdoo, City Manager