



DATE: January 21, 2025

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT: Adopt a Resolution Authorizing the City Manager to (1) Approve and Execute a Cost Share Agreement Between the City of Hayward and Solcom, Inc., in an Amount Not-to-Exceed \$304,135.10 for Emergency Repair of the Sewer Main Collapse at Hesperian Boulevard; and (2) Appropriate \$454,135.10 to Project No. 07765, Annual Emergency/Spot Line Repairs in Sewer Replacement Fund

RECOMMENDATION

That Council adopts a resolution (Attachment II) authorizing the City Manager to (1) Approve and Execute a Cost Share Agreement Between the City of Hayward (City) and Solcom, Inc., (Solcom) in an Amount Not-to-Exceed \$304,135.10 for Sewer Main Collapse at Hesperian Boulevard Emergency Repair; and (2) appropriate \$454,135.10 to Project No. 07765, Annual Emergency/Spot Line Repairs from the Sewer Replacement Fund (Fund 611).

SUMMARY

In February 2024, Solcom Inc., a contractor working for Bandwidth IG—a company specializing in the development and management of dark fiber infrastructure to support high-speed data transmission—conducted directional bore activities on Hesperian Boulevard to install fiber optic conduits. In June 2024, a significant sinkhole formed in the area, related to extensive damage to the 36-inch RCP sewer main. The pipe, installed in 1952, suffered a collapse likely due to advanced deterioration and corrosion, exacerbated by heavy external loads and impacts from construction activities over time. Emergency repair work was performed promptly to mitigate public safety risks and restore the sewer system’s functionality. Initially, Solcom assumed full responsibility for the repair project, under the assumption that their directional bore work had directly contacted and physically damaged the City’s sewer main. Solcom subsequently hired and paid a specialized contractor, GSW, to perform the repairs. The repair, a joint effort between City staff and Solcom, was completed in July 2024, with revised invoices reflecting negotiated reductions subsequently received from the contractor.

During the emergency repair project in July 2024, further investigations indicated that Solcom may have only partially contributed to the damage and failure of the sewer main. Forensic investigation pointed to the pipe's deterioration as the primary cause of failure, however, it could not conclusively determine the impact of directional bore activities conducted by Solcom. This finding underscored the need for shared responsibility, forming the basis of the proposed cost-sharing agreement between the City and Solcom, Inc. In the proposed cost sharing agreement between the City and Solcom, the City will agree to cover 100% of Solcom's subcontractor (GSW Construction) costs, totaling \$227,952.71 plus the reasonable portion of Solcom's invoices related solely to the sanitary sewer repair, totaling \$76,182.39 for a grand total of \$304,135.10. Further, staff is requesting to appropriate a total of \$454,135.10, including the share cost with Solcom of \$304,135.10 and an additional \$150,000 to replenish the budget in case of other emergency repairs for the remainder of FY25, to the Annual Emergency/Spot Line Repairs project no. 07765 from the Sewer Replacement Fund.

BACKGROUND

The 36-inch RCP sewer main on Hesperian Boulevard was installed in 1952 and has been in continuous service for over 70 years. In early 2024, a fiber-optic conduit for Bandwidth IG—a company specializing in dark fiber infrastructure—was installed near the sewer main using directional boring methods. However, Solcom, the contractor for the installation, deviated from the approved plans, which specified a minimum 11-foot vertical clearance between the new fiber optic conduit and the existing sewer main. Instead, the conduit was installed approximately 4 feet deeper without obtaining prior approval or informing City staff.

In June 2024, a sinkhole was reported, revealing significant voids and a collapsed section of the sewer main which indicated that the 36-inch RCP sewer main had been damaged and failed. The failure caused backfill material around the pipe to be washed away through the damaged section, creating a cavity in the ground and ultimately resulting in the sinkhole.. Emergency repairs were planned immediately and executed in July 2024, replacing the damaged section with a high-density polyethylene (HDPE) pipe. Initially, Solcom assumed full responsibility for the repair project, under the assumption that their deviation from the approved plans had directly contacted and physically damaged the City's sewer main. However, during the repair project, it was discovered that, although the fiber-optic line was installed inconsistently with the approved plans, it did not directly penetrate or pass through the City's sewer main.

To assess and quantify the impact of Solcom's construction activities on the damage to the City's sewer main, a forensic analysis was conducted to evaluate the potential relationship between the construction activities and the sewer main failure. The investigation aimed to identify contributing factors and determine the extent of Solcom's involvement in the damage.

The forensic analysis findings highlighted advanced pipe deterioration as the primary failure cause, with external loads exceeding the pipe's diminished capacity. The findings

could not determine the extent to which directional bore vibrations contributed to the failure but acknowledged their potential impact on the already deteriorated pipe.

DISCUSSION

City staff thoroughly reviewed all aspects of the repair and failure investigation. The failure timeline aligns with the following events:

- January-February 2024: Directional boring for fiber-optic installation by Solcom Inc.
- June 2024: Sinkhole formation in Hesperian Blvd across Hayward Airport Plaza.
- July 2024: Emergency sewer main repair completed.

The sewer main emergency repair cost involved:

- \$227,952.71: For the work performed by GSW to undertake emergency repairs on the City's sewer main, with an additional \$34,192.90 (15% subcontractor markup) added by Solcom. This totaled \$262,145.61, which was reduced by \$34,192.90 following negotiations.
- \$76,182.39: For work directly performed by Solcom related to the sewer main repair, plus \$102,688.94 for Solcom's expenses covering the replacement of their fiber optic conduit, unrelated to the City's sewer main repair. This totaled \$178,871.33, which was reduced by \$102,688.94 following negotiations.

The total adjusted contractor expenses are \$304,135.10.

This emergency repair has highlighted the critical need for a comprehensive condition assessment of the entire sewer to identify any other segments that may be at risk of failure. Notably, this sewer main crosses beneath a portion of the Hayward Executive Airport, further underscoring the importance of ensuring its structural integrity. To address this, the City plans to initiate a project aimed at thoroughly inspecting and rehabilitating this pipeline to prevent future incidents. This project will be included in the Fiscal Year 2025 Capital Improvement Program (CIP) to ensure adequate planning and funding for its execution.

ECONOMIC IMPACT

Swift actions by all parties, including Solcom, GSW, and the City resulted in timely repairs which prevented any disruption in the sewer service and economic impacts to customers.

STRATEGIC ROADMAP

This item does not relate to the Council's strategic initiatives.

FISCAL IMPACT

The FY25 CIP project no. 07765 Annual Emergency/Spot Line Repairs has an adopted budget of \$300,000. However, the cost incurred for asphalt paving, rental of equipment, other supplies, and inspection and administration for this emergency repair completely depleted the budget. Staff is requesting to appropriate a total of \$454,135.10, to project no. 07765, Annual Emergency/Spot Line Repairs from the Sewer Replacement Fund (Fund 611). This total reflects the share cost with Solcom of \$304,135.10, and an additional \$150,000 to replenish the budget in case of other emergency repairs for the remainder of FY25. The Sewer Replacement Fund has sufficient funds to cover the cost. There will be no impact to the General Fund.

SUSTAINABILITY FEATURES

There are no sustainability features associated with this item.

PUBLIC CONTACT

There is no public contact associated with this item.

CEQA COMPLIANCE

The emergency repairs are categorically exempt from environmental review under Section 15269 of the California Environmental Quality Act (CEQA) Guidelines for emergency projects.

NEXT STEPS

If Council approves, the City Manager will (1) execute an agreement between the City and Solcom, for Sewer Main Collapse at Hesperian Blvd Emergency Repair and cost sharing in an amount not-to-exceed \$304,135.10 and (2) staff will appropriate \$454,135.10 to CIP project no. 07765 Annual Emergency/Spot Line Repairs from Sewer Replacement Fund (Fund 611) to pay the expenses and to replenish the budget in case of other emergency repairs for the remainder of the FY25.

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Approved by:



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