



DATE: August 18, 2026

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT Adopt a Resolution (1) Approving Addendum No. 1 and No. 2 to the Project Specifications and Plans, (2) Rejecting the Bid Protest from SubTerra Construction, Inc., (3) Authorizing the City Manager to Award a Contract to JDB & Sons Construction, Inc., in an Amount of \$10,229,360, and (4) Approving \$1,022,936 in Administrative Construction Contingency for the FY24 Sewer Line Replacement Project, Project No. 07789

RECOMMENDATION

That City Council adopts the attached resolution (Attachment II) (1) approving Addendum No. 1 and No. 2, providing minor revisions to the project specifications and plans; (2) rejecting the bid protest from SubTerra Construction, Inc.; (3) authorizing the City Manager to award the construction contract to JDB & Sons Construction, Inc., in an amount of \$10,229,360 and (4) approving \$1,022,936 in administrative construction contingency for the FY24 Sewer Line Replacement Project, Project No. 07789.

SUMMARY

The Utilities Division of the Department of Public Works & Utilities replaces the City's undersized or structurally damaged sewer mains through annual Capital Improvement Program (CIP) projects. The FY24 Sewer Line Replacement Project will improve the capacity and maintain the operability of the sewer collection system by replacing or rehabilitating approximately 4.68 miles of existing vitrified clay pipe (VCP) and asbestos cement pipe (ACP) ranging in diameter from 6 to 10-inch with new 8, 10, 12, 15, or 18-inch Polyvinyl chloride (PVC) or High-density Polyethylene (HDPE) pipe. This project work will take place at twenty-six locations throughout the City. Approximately 2.04 miles of mains will be replaced by traditional open-cut method, another approximately 0.77 mile will be replaced by trenchless technology used to cross under obstructions that prohibit open-cut installation, and approximately 1.87 miles will be repaired with Cured-In-Place Pipe lining (CIPP).

On June 30, 2026, seven (7) bids were received. The low bid was \$10,229,360 which is \$4,300,540, or 29.6%, below the Engineer's estimate of \$14,530,000. Staff is requesting City Council's approval of Addendum No. 1 and No. 2, which provided minor revisions to clarify the specifications/plans, and awarding the construction contract to the lowest

responsible bidder, JDB & Sons Construction, Inc., in the amount of \$10,229,360, and approving \$1,022,936 in Administrative Construction Contingency (change orders).

FISCAL IMPACT

This item does not impact the General Fund or Measure C.

The estimated costs for the FY24 Sewer Line Replacement Project are as follows:

Construction Contract	\$10,229,360
Administrative Construction Contingency	\$1,022,936
Professional Engineering Services – Consultant	\$836,100
Inspection & Testing & Permitting	\$612,400
Construction Management and Administration – City Staff	<u>\$924,000</u>
Total	\$13,624,796

The adopted FY27 CIP included \$18,965,000 for the FY24 Sewer Line Replacement Project, Project No. 07789. The anticipated surplus of \$5,340,204 will be carried forward to the FY26 Sewer Line Replacement Project for future sewer line replacement.

BACKGROUND

The City's current CIP includes funding to replace the City's undersized or structurally damaged sewer mains through annual sewer line replacement projects. The City operates approximately 325 miles of sanitary sewer mains. The Utilities Division staff performs regular sewer main cleaning and has an ongoing program to monitor and inspect the condition of the City's sanitary sewer collection system using closed circuit television (CCTV) technology. The inspection is performed by placing a camera, mounted on tracks, inside a sewer pipe and remotely guiding it through the length of the pipe to identify structurally damaged sewer mains for repair or replacement.

On February 20, 2024¹, City Council approved Resolution No. 24-066, authorizing the City to enter into a Professional Services Agreement with BKF Engineers (BKF), for design services and technical support during construction. The City has completed the environmental analysis for the construction of the FY24 Water and Sewer Line Replacement Projects in accordance with the California Environmental Quality Act (CEQA) and City Council has adopted the Initial Study/Mitigated Negative Declaration document on March 17, 2026. Combining both water and sewer projects into one analysis allows for better design efficiencies and economies of scale.

¹ <https://hayward.legistar.com/LegislationDetail.aspx?ID=6517563&GUID=3DE2D074-1334-47C7-8115-C6F3C5D16B78>

DISCUSSION

On May 19, 2026², Council approved the plans and specifications for the project and called for bids to be received on June 30, 2026.

On June 30, 2026, the City received seven (7) bids for the project, ranging from \$10,229,360 to \$19,912,000. JDB & Sons Construction, Inc. (JDB & Sons), submitted the lowest bid in the amount of \$10,229,360, which is approximately 29.6% below the Engineer's estimate of \$14,530,000. SubTerra Construction, Inc., (SubTerra) submitted the second-lowest bid of \$10,876,289. The average of the seven (7) bids received was \$12,873,853 which is approximately 11.4% below the Engineer's estimate. An additional \$1,022,936 (or 10% of the contract amount) is included for administrative construction contingency in the event additional funds are needed for unforeseen conditions and changes during construction.

BID PROTEST BY SUBTERRA CONSTRUCTION, INC.

On July 7, 2026, the City received an email and physical copy of a bid protest from a law firm representing SubTerra (Attachment III). The bid protest contends that JDB & Sons' bid was not submitted timely in conformity with the project's Notice to Contractors (NTC) so it should be rejected and the project should be awarded to the second lowest bidder in SubTerra. The bid protest's argument is that JDB & Sons' bid was late because it was submitted 40 seconds after 2:00 p.m. when the NTC states that bids will be received "until 2:00 p.m."

After reviewing the bid protest, staff determined that the City Clerk's acceptance of the bid from JDB & Sons at 40 seconds after 2:00 p.m., before 2:01 p.m., was consistent with the standard City bid procedures and with the language in the NTC. It has been the City's discretion and standard practice to accept all bids before the clock turned to 2:01 p.m. As a result, staff recommends that City Council deny the bid protest from SubTerra and award the contract to JDB & Sons.

ECONOMIC IMPACT

The community will benefit from the project, including the continued operability and serviceability of the sewer collection system. Furthermore, robust and reliable sewer infrastructure can help foster economic development and viability in the City.

Replacing the sewer main and appurtenances are part of an effort to, pursuant to City Council direction, modernize and upgrade existing infrastructure. The project will reduce operations and maintenance costs associated with servicing the undersized and structurally defective sewer mains. In addition, staff time attending to issues related to high frequency maintenance and sanitary sewer overflows will be reduced.

² <https://hayward.legistar.com/LegislationDetail.aspx?ID=8030307&GUID=E5A98CEC-5A37-4336-A514-49C3ED020B73>

On June 24, 2025³, City Council passed a resolution authorizing a Community Workforce Agreement (CWA) with the Alameda County Building Trades Council (BTC), which applies to City projects with construction costs of \$1,000,000 or more. The agreement requires contractors to utilize local union hiring halls, encourages the employment of Hayward residents and Hayward Unified School District graduates, and requires workers to pay applicable union dues and contribute to other benefit trust funds. The CWA agreement applies to the FY24 Sewer Line Replacement Project as its construction cost exceeds \$1,000,000.

STRATEGIC ROADMAP

This agenda item supports the Strategic Roadmap, which includes Invest in Infrastructure as one of the strategic priorities. Specifically, this item relates to the implementation of Objective 4: Invest in Water Supplies, Sanitation Infrastructure & Storm Sewers under “Invest in Infrastructure:”

N20: Replace an average of 2.5 miles of sewer pipelines annually

SUSTAINABILITY FEATURES

The repair and replacement of deteriorating sewer lines reduces the risk of sewer overflows, which can cause untreated wastewater to flow into public waterways.

PUBLIC CONTACT

Prior to and during construction, notices will be provided to affected residents, property, and business owners to inform them of the nature and purpose of the work, potential impacts, work schedule and City contact for additional information. In addition, staff will separately contact any large employers and schools that may be affected by the project and coordinate work to minimize impact.

NEXT STEPS

The following schedule has been developed for this project:

Award Construction Contract	August 18, 2026
Notice to Proceed	September 2026
Construction Completion	Fall 2027

³ <https://hayward.legistar.com/LegislationDetail.aspx?ID=7437057&GUID=2CA848AA-3F0F-4AE9-A53E-2309AEDED8CC&Options=Advanced&Search=>

Prepared by: Derek Pham, Senior Utilities Engineer

Reviewed by: Zaheer Shaikh, Utilities Engineering Manager

Recommended by: Alex Ameri, Director of Public Works

Approved by:

A handwritten signature in blue ink, appearing to read "Jennifer Ott".

Jennifer Ott, City Manager