



**DATE:** April 21, 2026

**TO:** Mayor and City Council

**FROM:** Director of Public Works

**SUBJECT** Adopt a Resolution Approving Addendum No. 1 and No. 2 and Awarding a Contract to SubTerra Construction, Inc. for the A Street Sewer Line Replacement Project, Project No. 07831, in a Not-to-Exceed Amount of \$4,150,449

### **RECOMMENDATION**

That the City Council adopts the attached resolution (Attachment II) approving Addendum No. 1 and No. 2, providing minor revisions to the project specifications and plans; and awarding the construction contract to SubTerra Construction, Inc., for the A Street Sewer Line Replacement Project, Project No. 07831, in an amount of \$3,773,135 and approving \$377,314 in administrative construction contingency for a total contract amount not-to-exceed \$4,150,449.

### **SUMMARY**

The Public Works & Utilities Department replaces the City's undersized or structurally damaged sewer mains through annual capital improvement projects. The Sewer Line Replacement Project FY24 will improve the capacity and maintain the operability of the sewer collection system by replacing approximately 5.6 miles of existing vitrified clay pipe (VCP), asbestos cement pipe (ACP), and polyvinyl chloride (PVC) pipe ranging in diameter from 6 to 12-inch with new 8, 10, 12, 16, or 24-inch PVC or high-density polyethylene (HDPE) pipe. This project includes twenty-nine locations throughout the City and design anticipated to be completed in summer 2026. To avoid delaying the planned paving rehabilitation of A Street as part of the FY26 Pavement Improvement Project (PIP), the A Street portion of the Sewer Line Replacement Project FY24 has been advanced ahead of schedule with the design completed in February and the public bidding process completed in March. Expediting this work will ensure that the necessary sewer infrastructure updates are completed prior to the paving improvement, thereby allowing A Street to be resurfaced as originally planned.

On March 24, 2026, seven (7) bids were received. The low bid was \$3,773,135 which is \$579,865, or 13.3%, below the Engineer's estimate of \$4,353,000. 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, SubTerra Construction, Inc, in the amount of \$3,773,135, and approving \$377,314 in Administrative Construction Contingency (change orders).

## **FISCAL IMPACT**

There are no impacts to the General Fund or Measure C.

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

Construction Contract	\$3,773,135
Administrative Construction Contingency	\$377,314
Professional Engineering Services – Consultant	\$241,400
Inspection & Testing & Permitting	\$176,151
Construction Administration – City Staff	<u>\$267,000</u>
Total	\$4,835,000

The adopted FY26 CIP includes \$4,835,000 for the A Street Sewer Line Replacement Project, Project No. 07831, in the Sewer Replacement Fund 611.

## **BACKGROUND**

The City's current Capital Improvement Program (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.

The A Street Sewer Line Replacement Project consists of replacing 1,700 linear feet of 6-inch VCP with 8-inch HDPE pipe by pipe bursting and open trench, replacing 3,000 linear feet of 12-inch VCP with 16-inch HDPE pipe by pipe bursting and open trench, and providing a Cured-In-Place Pipe (CIPP) Lining for 1,100 linear feet of an existing 27-inch RCP pipe. Traditional open-trench sewer repair involves excavating a trench of approximately two to four feet in width and to the depth of the damaged or undersized pipe. Once the sewer main is exposed, the damaged or undersized section is removed and replaced with new pipe. At the same time, a portion of the existing sewer laterals that connect to the sewer are replaced and services are restored. When the repair is complete, the open trench is backfilled, compacted, and paved to match the original pavement section.

The pipe bursting method uses a bursting head that is pulled through the existing pipe and pushes the pipe outward until it breaks apart. At the same time, the bursting head pulls the new pipe behind it and fills the space created by the old pipe with the new pipe. The CIPP technique involves inserting a resin-impregnated flexible tube into the pipe, inflating, and curing with hot water or steam forming a structurally sound, water-tight new pipe within a pipe that has all the structural properties of a stand-alone pipe.

## **DISCUSSION**

On February 17, 2026<sup>1</sup>, Council approved the plans and specifications for the project and called for bids to be received on March 24, 2026.

On March 24, 2026, the City received seven (7) bids for the project, ranging from \$3,773,135 to \$6,271,888. SubTerra Construction, Inc submitted the lowest bid in the amount of \$3,773,135, which is approximately 13.3% below the Engineer's estimate of \$4,353,000. The average of the seven (7) bids received was \$5,084,773 which is approximately 16.8% above the Engineer's estimate. An additional \$377,314 (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.

## **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.

On June 24, 2025<sup>2</sup>, 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 A Street 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

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<sup>1</sup> <https://hayward.legistar.com/LegislationDetail.aspx?ID=7882901&GUID=B5E37281-F5DA-4755-B255-4F189116BF13&Options=Advanced&Search=>

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

## **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:

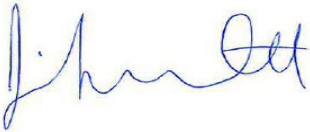
Award Construction Contract	April 21, 2026
Notice to Proceed	May 2026
Construction Completion	August 2026

*Prepared by:* Derek Pham, Senior Utilities Engineer

*Reviewed by:* Zaheer Shaikh, Utilities Engineering Manager

*Recommended by:* Alex Ameri, Director of Public Works

Approved by:



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Jennifer Ott, City Manager