



OPERATIONS COMMITTEE

Agenda Report

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Agenda Item No: 11.

FROM: Robert Thompson, General Manager
Originator: Mike Dorman, Director of Engineering

SUBJECT:

SANTA ANA TRUNK SEWER REHABILITATION, PROJECT NO. 1-23

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

- A. Receive and file Bid Tabulation and Recommendation for Santa Ana Trunk Sewer Rehabilitation, Project No. 1-23;
- B. Approve a project budget increase of \$9,600,000 for Santa Ana Trunk Sewer Rehabilitation, Project No. 1-23, for a new total project budget of \$65,400,000;
- C. Award a Construction Contract Agreement to Steve P. Rados, Inc., for Santa Ana Trunk Sewer Rehabilitation, Project No. 1-23, for a total amount not to exceed \$44,787,000; and
- D. Approve a contingency of \$4,478,700 (10%).

BACKGROUND

The Santa Ana Trunk, which carries sewage from the southern portion of Santa Ana and the northern portion of Costa Mesa to the Orange County Sanitation District's (OC San's) Plant No. 1, was originally constructed in the early 1950s. Several projects have replaced or rehabilitated small portions of the pipe and many of the manholes over the past 60 years.

Most of the Santa Ana Trunk between Bristol Street and Alton Avenue in Santa Ana consists of unlined 42-inch and 48-inch diameter reinforced concrete pipe. A significant portion of the alignment runs through easements that cross diagonally through a light industrial and commercial area rather than along public streets.

This project will rehabilitate a portion of the Santa Ana Trunk Sewer north of Interstate 405. Work includes rehabilitation of approximately 15,000 feet of large diameter sewers and associated manholes in the cities of Santa Ana and Costa Mesa using the cured-in-place (CIPP) trenchless rehabilitation method.

RELEVANT STANDARDS

- Comply with California Public Contract Code Section 20103.8, award construction contract to lowest responsive, responsible bidder
- Protect OC San assets

PROBLEM

Closed circuit television inspections and corrosion assessments revealed severe defects, including exposed aggregate, exposed reinforcement steel and infiltration in the pipelines, as well as exposed aggregate and liner detachment in some manhole structures.

PROPOSED SOLUTION

Award a Construction Contract Agreement to reline approximately 15,000 feet of 42-inch and 48-inch sewers and rehabilitate associated manholes in the cities of Santa Ana and Costa Mesa.

TIMING CONCERNS

The facilities being rehabilitated are at the end of their useful life. This project will repair and extend the useful life of deteriorated facilities and reduce the risks of potential spills. If this project is delayed, the continued deterioration could increase the likelihood of structural failures and potential sewage spills.

RAMIFICATIONS OF NOT TAKING ACTION

If this project is not approved, the continued corrosion of the pipes and manholes will increase the risk of failure, potentially resulting in sewage spills and property damage.

PRIOR COMMITTEE/BOARD ACTIONS

N/A

ADDITIONAL INFORMATION

OC San advertised Project No. 1-23 for bids on June 19, 2025, and one sealed bid was received on August 14, 2025. A summary of the bid opening follows:

Engineer's Estimate	\$ 33,359,000
<u>Bidder</u>	<u>Amount of Bid</u>
Steve P. Rados, Inc.	\$ 44,787,000

The bid was evaluated in accordance with OC San's policies and procedures.

The Planholders list contained the names of thirty-seven (37) potential Bidders. On August 6, 2025, prior to receipt of the Bid, a Pre-bid Survey was conducted of those companies on the Planholders list. Thirteen (13) companies responded to the survey and of those thirteen (13), two stated that they planned to bid. Since this is a large and very complex project involving large diameter sewers, staff was not expecting more than two or three bids; therefore, competition was considered reasonable based on the survey response.

After the single bid was received, a post-bid survey was conducted with the companies who previously responded. One company initially planned to bid as a prime contractor but ultimately chose to participate as a subcontractor to another firm. The second company also planned to bid; however, its key subcontractor, responsible for a major portion of the work, chose to work exclusively with another prime contractor.

Since the single bid amount was 34% higher than the engineer's estimate, the bid validity period was extended to allow staff time to validate the current project needs and potential alternatives. Staff re-reviewed the alternative repair options, and their associated costs and public impacts. It was determined that CIPP lining remains the most cost-effective method for pipeline rehabilitation.

With only one bid received, OC San worked closely with Steve P. Rados, Inc., (Rados) to conduct a detailed cost analysis using the backup documentation used to create their bid. This review, along with two in-person meetings with the Rados team, revealed that the primary cost differences compared to the engineer's estimate stem from four key areas: CIPP lining, indirect staffing, traffic control, and general and administrative (G&A), with smaller differences in dewatering, manhole construction, and traffic signal conduit relocation.

Summary of findings:

- 1) CIPP Lining Costs
 - a) CIPP work will be completed in two seasons, rather than as a single, continuous operation as assumed in the engineer's estimate. Rados planned all CIPP lining during dry weather, which limits scheduling flexibility and impacts productivity.
 - b) Four of the 25 CIPP lining segments will use a more time-intensive water curing method, with the CIPP liner wet-out on-site. This approach introduces added risk due to limited traffic control windows for these operations.
 - c) CIPP liner material must be shipped from Mississippi, increasing the unit cost due to transportation expenses.
 - d) CIPP cost variance is approximately \$2.4 million.
- 2) Indirect Staffing and Overhead Costs
 - a) Rados's bid includes higher indirect costs due to the staffing levels needed to support complex field operations with some overhead costs beginning before construction starts. The project will be staffed by a project manager, two project engineers, one superintendent, one half-time superintendent, and one half-time safety oversight professional.
 - b) Indirect staffing cost variance is approximately \$3.4 million.
- 3) Traffic Control Costs
 - a) Traffic control was bid as less efficient than assumed in the engineer's estimate, with setup

and breakdown activities reducing daily productivity to approximately six hours. Production will also be impacted by the need for both day and night work, along with seasonal school-related restrictions.

b) Traffic control cost variance is approximately \$1.5 million.

4) General and Administrative Costs

a) G&A costs and profit margins in the bid are consistent with Rados's past projects and reflect the risks of working in dense, high-traffic urban areas with extensive permitting requirements.

b) G&A cost variance is approximately \$2.2 million.

5) Other Costs

a) The engineer's estimate also did not include several scope elements that Rados captured, including dewatering operations for temporary manholes for bypass pumping, and two new manholes. Rados priced dewatering as necessary for both temporary and new structures, while the engineer's estimate assumed a lower level of dewatering effort.

b) Dewatering cost variance is approximately \$1.0 million.

c) Traffic signal utility relocation for two new air jumpers was bid as a permanent installation; revising to a temporary design could yield an estimated \$700,000 credit to the contract.

The bid reflects a realistic understanding of the project's scale, complexity, and logistical challenges. It reflects current market conditions, includes participation from qualified subcontractors, and adopts a practical approach to managing construction risks. While only one bid was received, staff determined that the bid aligns with current industry conditions. Revising the engineer's estimate to incorporate the findings described above results in a new estimate of \$41.1M and a cost difference that is 8% lower than the bid amount.

Re-advertising the project is unlikely to result in significant cost savings, and alternative delivery methods may increase total project costs. Additionally, Rados has an exclusive teaming agreement with Insituform, their CIPP subcontractor, making pricing reductions and the attraction of additional bidders unlikely through a project repackaging and rebidding. There is also a limited number of subcontractors that can furnish and install the CIPP liner size required for this project.

A notice was sent to all bidders on October 16, 2025, informing them of the intent of OC San staff to recommend award of the Construction Contract Agreement to Steve P. Rados, Inc.

Staff recommends awarding a Construction Contract Agreement to the lowest responsive and responsible bidder, Steve P. Rados, Inc., for a total amount not to exceed \$44,787,000.

CEQA

The project is exempt from CEQA under Class 1, 2, and 3 categorical exemptions set forth in California Code of Regulations Sections 15301 and 15303. A Notice of Exemption will be filed with the Orange County Clerk-Recorder after OC San's Board of Directors approves the Construction Contract Agreement.

FINANCIAL CONSIDERATIONS

This request complies with the authority levels of OC San's Purchasing Ordinance. This item has been budgeted (Budget Update FY 2025-26, Page A-5, Santa Ana Trunk Sewer Rehabilitation, Project No.1-23). The project budget is anticipated to be increased in the upcoming budget approval process for the following fiscal year.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Construction Contract Agreement
- Presentation

VP:lb