



MEETING MINUTES

January 21, 2014

Attendees:

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Q&A Panel: Lessons Learned: Pipeline Contractor Construction Perspectives.

Panel participants: Brandon Sjulin of Mladen Buntich Construction Co.
Rick Evans of The HDD Company
Steve Haslam of Anderson Pacific Engineering Corporation
Tom Grover of Ranger Pipelines

Transcript from the panel include:

How is the construction economy looking?

Rick – 2014 seems like a good year and was better than 2013. Last year was extremely busy, which makes 2014 even busier. Public works used to have a lot of work and private industry had less. But now, it seems there are more projects in both sectors.

Steve – 2013 was better than 2012. 2014 has a lot of projects and the housing market is booming. 50% of their projects are related to the housing market.

Tom – We have an increased number of projects and the market is reestablishing itself. Bigger contractors are going back to larger projects and going away from the small project market so it opens it back up to the smaller contractors.

Brandon – Pipe rehabilitation projects are keeping them very busy. Tunneling projects are also happening. There are a lot of tunneling projects that are coupled with other projects, whether it is public or private. Contract requirements have changed and they are seeing Invite only lists have now started with public agencies.

Are unit prices going up?

Tom – It seems that Engineer's Estimates use to be low. Low estimates indicate low budgets so all contractors pull down their bids. I have noticed that Engineer's Estimates are coming up.

Brandon – We have passed on a job because the Engineer's Estimate was 10.1 million and it was too low to make any money on it. Actual low bid was 25 million with 4 bidders. There used to be a lot more bidders in the past. Good contractors got smarter with the more difficult economy to reduce the risk. There are lots of issues with existing ground conditions. They pay money for additional evaluation of the geotechnical report and existing ground conditions.

Rick – There is an interesting dynamic when prices come in at twice the Engineer's Estimate. Jobs may be put together poorly, or researched poorly. Less information means higher risk for the Contractor.

Are there other unknowns you account for in estimates or bids that make or change a bid?

Steve – I passed on a job because it looked like an un-constructible job. It has \$10k/day liquidated damages. Based on his estimate, 24/7 crews still couldn't build the project in the 4 month allowable contract time. Engineers must make the project buildable. Extensive warranties are also hard to bid due to bonding companies that will not issue bonds for them. Overtime is hard to estimate. If there is a lot of overtime to be put in the estimate, we will not bid. 4-6 week bidding window would be ideal.

Brandon – Sureties do not want to see any warranties over two years because it makes it hard to determine the value of the bond. A lot can happen in 5 – 10 years so anything warranty requirement over 2 years is a red flag. 4-6 week bidding window would be ideal.

Tom – A lot of projects are getting shorter on schedule which makes it harder to bid/build. Specialty items, long lead items, insurance certificates, right of way issues, submittals all take just too much time. Liquidated damages are going up which also increases the risk for

contractors and is a big issue to deal with. I will adjust the Contractor's markup to make up the time. Not enough time for estimating typically and there is no time for RFIs.

Do you include an “aggravation factor” for clients?

All – Yes.

Rick – Each manager has a different way of managing projects. The person you deal with affects the bottom line so it also affects the estimate.

Tom – Installing piping projects based on agency and production rate changes your bid estimate. You find that over time, that production rates range about 30% based on the client.

Are there such things as an “easy” project?

Tom – Partnering meetings get thrown around a lot. Sometimes it works, and sometimes it doesn't. It depends on the owner and how they manage their projects. Lots of QA/QC seems to be protection for the owner. Recognizing a difficult owner, you can look at the specifications to get an idea. We know our costs but QA/QC companies quote hourly and we do not know how much that will cost. Costs also depends on if the owner enforces everything in the specifications. There are lots of peripheral indirect costs. SWPPP would be one that is hard to bid sometimes based on inspections. The state has been very good at accepting unit costs for SWPPP.

Brandon – We do not want to throw darts when putting an estimate together. We try to give you what you want. If we cannot follow the drawings, then it puts estimators in a bad position. They would have to assume an item and if it is wrong, it becomes a big issue. Can you set up a bid schedule that creates an allowance? Allowance for permits and inspections would be ideal. You may get a lower bid.

Units bids. How many items?

Tom – Two bid schedules would not be ideal to the contractor. Having to win both schedules to win one project is difficult.

Steve – Caltrans work has difficult schedules. They have to figure quantities just as much as the estimators do.

How about electronic bid spreadsheets?

Steve – Simpler forms are easier. Bid days are crazy days and it is difficult when there are many bid items. Contractors make mistakes and to minimize the list would be better.

Tom – Push every owner for a lump sum cut item at the bottom of the bid form. Bid forms do not reflect the way the bid is executed. EBMUD has the simplest bid form... one lump sum.

Quantifying work is easier for EBMUD jobs. Schedule of values needs to be agreed on to make sure it is balanced correctly.

Brandon – Second bidder says they did not balance their bid and how they took their final cut.

Increasing problems with cross bores. How can it be avoided?

Rick – 25 years ago, a bit can be 6 feet deep and everything was shallow. Now, it is much more difficult. Biggest problems they've seen are inaccurate asbuilts. Not so much in trenching industry. But bored utilities asbuilts have not been accurate. 3 to 4 times more potholing than they have done 10 years ago. Not sure what else to do.

Brandon – There has been some success with ground penetrating radar. It is not for every situation but it works a certain percentage of time. You can call dig alert as part of design

investigation. There is about 80-90% success with writing letters to utilities and getting their utility information. Cost/hour is more than engineering costs per hour. Last project that was managed shows new manholes and flow structures to be built next to highway and live sewer and shows no utilities. When digging, they found a 900 pair communications utility that served an air force base that delayed the job 2 months. The issue was a hatch layer on drawings was turned off on 9 sheets. We want to see utilities on drawings.

What are plans and specs cause the most trouble?

Rick – Directional drilling and biggest complaint is boiler plate specifications. I've seen the same specifications for the last ten years. HDD has been around for a long time since the early 70s. A lot of engineering firms seem to not be familiar with the process or if they are, only has experience with smaller jobs. It is pretty obvious on paper that it seems like they are not experienced enough. For example, there has been the same grout specification for 15 years. Most common one grout you can't even get anymore.

Brandon – Transfer of knowledge needs to happen.

Thoughts on moving design responsibility to contractors?

Tom – I don't like it. It is a misguided effort. Most specifications have a value engineering clause anyway. I don't think it serves anybody. Bids are mostly a hard bid basis, so it is better if the engineer is on the owner's side of fence to be concerned with giving the owner what they need/want.

Brandon – Not every mechanism works for every job. Design/build doesn't mean that the owner doesn't have their own consultant. Owners need to do their homework and put their design criteria in the front so that as a contractor, we can form the right team to perform the job. Another issue is that sometimes specifications have multiple methods of construction, but the drawings don't necessarily point to the right place in the specifications.

What do you do if you leave something out?

Steve – We always leave things out. Things you double up on, things that don't estimate right. Typically we have 2-3 weeks to put a job together. Don't put everything on plans. "Million dollar comments" should be in the specifications in a lot of detail. Sometimes the supplier is the biggest risk if there is a huge range in pricing from suppliers or subs. Plant work may be different than pipeline work.

Brandon – Sometimes the specifications say something different than what drawings call for.

Tom – Some jobs seem to do well at the end but really didn't. Some that doesn't seem to go that well, end up being successful. Estimates are theoretical. Designers make contact with suppliers. What we find is that suppliers take on the mindset that they were sole sourced. That could change by up to 30-40% of the price.

Typically we see that field guys have plans only. Estimators seem to know more about the job than the project managers. Is that true?

Brandon – When jobs are designed based on a salesman, it puts the estimator in a pretty tough spot.

Steve - Estimators don't know whether or not a supplier meets the requirement on bid date sometimes.

Should there be an experience clause when specifying material?

Brandon – Material and installation ASTM are different. There is no ASTM that tells you how to size new liners. There are nice standards in CIPP, but not in water or sewer rehabilitation projects. There is settlement in micro-tunneling, but we need to do the math. We are seeing in the specifications that they ask for comment from the contractor. When specifying installation, the person needs to have some experience with the specifying.

Picking materials. We would think that you would not pick the lowest bidder since you have more experience than the designer. Right?

Tom – We do not have time to evaluate this sometimes. You start with a game plan; we reach out to certain vendors and contractors until crunch time. Then you get a fax that shows low price and they say they meet the specifications. This is not a negotiated project. We don't make money on materials. Recognize that the nature of estimating and bidding work is that we don't have time to evaluate the technicalities or refer back to the specifications. When you get to a specialty product, make sure there are two or three vendors that can supply the same product.

Steve – Have more than one vendor. A designer used to have three vendors listed and we just had to circle the vendor. It helped a lot.

Brandon – There was a company that was a party supply company that sold pipe from China and they were inexperienced.

Would you guys want mandatory prebid meeting?

Steve – Absolutely. Prequalification takes more work. Depends on how simplified the bid is. Pre bid is sometimes so close to the bid, it doesn't lend themselves to look at the plans. Two weeks before the bid, it gives them time to ask informed questions.

Tom – Yes, even if it is a clerk. You'll see more technical jobs that have contractor qualifications in the specifications. You should have that pulled out and have prequalification instead since it opens the door for someone to protest after bid. It removes that aspect and has them focus on the bid itself. If we are interested in the job, we will make the attempt to go out on the job. Sometimes we are limited on resources and that's why we send someone who may or may not have much knowledge of the job. A lot of times, the geotechnical report is key, even if it is an old report.

Site visits. Are appendices with photos valuable when there are multiple sites in a project?

Tom – We will take them any day as more information.

Steve – Depends on photos. You can find a lot of information on google maps now. Easements may be a problem with street view.

Is 7 day rule working for you with questions before bids?

Tom – I understand why there is a cut off. It seems sometimes when there is a valid question, it seems that people are reluctant to answer the question and instead say that it has passed the deadline. EBMUD has a good system.

Steve – We see online questions and it helps when responses are posted online. It helps with late questions. EBMUD has a good system.

Any real reason why owners are putting bid dates near holidays?

Tom – They are crazy. We bid a job before Christmas. It is ridiculous for changing vacation.

Steve – They like to ruin our holiday vacations.

Brandon – We bid a job on the 30th around the holidays, and spent too much money since it was around the holidays.

Should pits be showed on plans?

Tom – Should be left to us. We have shoring engineers that will determine that. If it is super complex, we like to have some input, but just an idea of where you think the pit should go, but does not have to be exact.

Steve – Bidding job next week for a 40 foot bore pit, but not sure why it has to be that big, so that is what we are going to bid and give them.

Performance vs prescribed specs?

Tom – If super technical, then there should be a good prequalification for the work.

Steve – If you just put the requirement in the specifications, low bid may meet qualification and others may feel they do or do not.

Handouts: None.

Thank you to our panelists for the outstanding session! We appreciate your help with PUG.

General:

None.

Announcements:

2013/2014 Membership: The 2013/2014 membership renewal forms are available and located on the PUG website: www.norcalpug.com. Memberships cost is \$350 per entity. Membership has numerous benefits, such as discounts for courses and conferences, participation in raffles held at random monthly meetings, discounts on attending the annual seminar, etc. Get your renewals and/or new member applications in today. Payment options include Paypal or check.

Financial Updates: None.

APWA In the Works: Weekly updates can be found at www.apwa.net.

AWWA: California-Nevada Section: 2014 Spring Conference will be held at the Disneyland Hotel in Anaheim, CA from March 24-27, 2014. There will be a two-day Exhibit Hall, Two Luncheons, Opening Session, Receptions, and over 100 Technical Sessions. For more information, please go to www.ca-nv-awwa.org.

LinkedIn: LinkedIn has active discussions related to the pipeline industry. Check out Trenchless Technologies on LinkedIn.

NASTT 2014 No-Dig Conference: 2014 No-Dig show Conference to be held on April 13-17, 2014, in Orlando, FL, located at Gaylord Palms.

NASTT Webinars: NASTT hosts complimentary webinar series to bring you professional instruction from leading experts in the field of trenchless technology. They can be found at www.nastt.org/webinars

1. None.

Trenchless World Magazine: In this issue: Bill Malcom and Dan Sharp were announced as new VPs. Electric auger boring machine offers more flexibility and control with a much lower noise level.

TT Magazine: 2013 Pipe relining Guide: is available at <http://www.trenchlessonline.com/>.

UCT Conference: Underground Construction Technology is holding their International Conference and Exhibition on January 28-30, 2014 at the George R. Brown Convention Center in Houston, TX.

UIM Webinars: The Water Utility Infrastructure Management (UIM) website hosts on-line and provides archived webinars related to water management. For more information, visit the UIM website: www.uimonline.com/index/webinars.

1. None.

Underground Construction Magazine: is available at www.ucononline.com.

Water Environment Federation:

1. WEF is offering a distance learning webcast (\$155 for members and \$195 for non-members) on Perspectives on Pipeline Renewal. Visit www.wef.org for more information.

WEFTEC 2014: Conference will be held on September 27 – October 1, 2014 at the New Orleans Morial Convention Center in New Orleans, LA.

Raffles: No raffle was held at this meeting. Remember, raffles can happen at any meeting but you have to be in attendance to win a prize.

Project Discussions:

None.

Next Meeting:

The next general meeting is scheduled for Tuesday, March 18, 2014. The presentation topic is "Specification and Design Considerations for Sewer Bypass" by Kyle Van Fleet of Rain for Rent. Please call Jimmy Dang at 510-481-6981 or email jdang@oroloma.org for additional information on this month's meeting minutes.