

COUNCIL AGENDA: 9/25/18
FILE: 18-1266
ITEM: 7.2



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: September 6, 2018

Approved

Date

9/6/18

SUBJECT: MASTER SERVICE AGREEMENT WITH HYDROSCIENCE ENGINEERS, INC. FOR ENGINEERING SUPPORT AND SERVICES FOR THE SAN JOSE/SANTA CLARA REGIONAL WASTEWATER FACILITY

RECOMMENDATION

- (a) Approve a Master Service Agreement with HydroScience Engineers, Inc. for engineering support and services for the San José/Santa Clara Regional Wastewater Facility (Facility) for various operation and maintenance (O&M) projects requiring engineering support and services on an as-needed basis for an initial term starting from the date of execution to June 30, 2019, for a maximum compensation of \$500,000 during the initial term, subject to the annual appropriation of funds.
- (b) Adopt a resolution authorizing the City Manager to exercise up to three twelve-month options to extend the term through June 30, 2022, for an amount not to exceed \$500,000 for each option term; and to amend the Agreement to adjust the compensation to reflect changes in support service needs, provided the total aggregate amount does not exceed \$2,000,000 for the full term, subject to the annual appropriation of funds.

OUTCOME

Approval of the Agreement with HydroScience Engineers, Inc. to provide engineering support and services for implementation of various O&M projects at the Facility, on an as-needed basis.

BACKGROUND

The Facility is an advanced wastewater treatment facility with an average dry weather flow design capacity of 167 million of gallons per day (MGD) and a peak wet weather flow design capacity of 271 MGD. The current average annual flow at the Facility is 125 MGD and the average dry weather flow is 114 MGD. Approximately 10% of the treated effluent is re-used for irrigation, agricultural use, and industrial sector consumption, through the South Bay Water Recycling Program (SBWR).

The City of San José's Environmental Services Department (ESD) is in the process of implementing the Facility's Master Plan for intermediate and long-term improvements, with the Master Plan serving as a tool to identify and prioritize future projects for upgrades and replacements. The Capital Improvement Program (CIP) Division of ESD is in the midst of implementing these complex projects required for the Facility due to aging infrastructure and to prepare for future regulations.

While the intermediate and long-term CIP projects are underway, there are also numerous structures, utilities, equipment, systems, and unit operations associated with the operation of the Facility that have more immediate needs to maintain functional use.

The O&M Engineering projects are predominantly process related and routine. The majority of the O&M engineering support and services that will be utilized under this MSA will be focused on as-needed consulting services for the modernization, rehabilitation, replacement and maintenance of existing aging equipment such as pumps, motors, valves, pipes, as well as equipment repair due to unexpected failure to ensure the Facility's continuous and efficient operations while the MP implementation is in progress.

ANALYSIS

A consultant selection process was initiated in November 2017 with a Request for Proposal (RFP) for Engineering Services. Proposals from four firms were received, of which the top two firms were selected for further interviews. The selection criteria were based on the following:

- Qualifications and expertise of the firm's lead personnel (30%)
- Service Approach (30%)
- Examples of Applicable and Exemplary Projects (30%)
- Classification as local/small firm per Council policy (10%)

The top two firms below were interviewed on May 14, 2018, by staff from various sections within the Facility. A combination of the written submittal and the interview scores were used to rank the firms. The evaluation panel rated HydroScience Engineers, Inc. as the most qualified to provide the needed engineering services, based on the qualifications presented in their proposal and final interview score. The final scores for the two companies are summarized below:

Evaluation Criteria	Max Points	HydroScience Engineers, Inc.	Kennedy/Jenks Consultants, Inc.
Experience	30	28	27
Expertise	30	28	27
Project Approach	30	26	24
Local Business Preference	5	5	5
Small Business Preference	5	0	0
TOTAL	100	87	83

1. HydroScience Engineers, Inc.
2. Kennedy/Jenks Consultants, Inc.

The RFP provided for additional points for local firms. Both firms received additional points for having a local office in San José. A notice of intention to award the contract was issued on May 18, 2018, and no protests were filed.

Scope of Work

The scope of services under the Agreement will involve a variety of activities that include engineering studies, conceptual design, preparation of construction bid documents, construction management support and O&M manual preparation for newly constructed or rehabilitated facilities. Specific service orders will be issued to implement projects related to equipment replacement, infrastructure rehabilitation, and electrical and electronic communication improvements. The list of current and near-term projects include, but are not limited to the following:

- Prepare contract and/or bid documents for the replacement of various antiquated equipment such as pumps, motors, valves, gearboxes, actuators, pipes, facility wide;
- Prepare record drawings for various O&M projects;
- Prepare contract bid documents for repair and/or replacement of various concrete walkways, gates, Administration Building roof, roofs of digesters, guard shack, and various hazmat storage sheds;
- Prepare contract bid documents for repair of the emergency overflow structure and the primary effluent equalization basin, installing new recycled water piping to the Residual Sludge Management (RSM) fill station, sewer repair at the RSM buildings, and piping redesign for the East Primary treatment area;
- Prepare preliminary engineering and engineering studies for Facility wide infrastructure and processes;
- Facility wide replacement of piping supports and joints for various types of pipes;
- Facility wide hydraulics assessment and modeling using software applications;
- Various electrical and instrumentation improvements and repair projects;
- Facility wide condition assessment of various overhead cranes inside building; and
- Vibration report evaluation for various pumps Facility wide.

Prior to scope development for the projects and issuing any service orders to the consultant, O&M project manager(s) assigned to each individual project and the CIP program management team participates in coordination meetings. The purpose of the meeting is to ensure availability of the needed resources and to avoid duplication of efforts and projects.

Contract Management and Oversight

Staff will negotiate costs with the consultant on individual project proposals, on a flat fee, or not to exceed time and materials basis. Staff will also determine the award of individual service orders based on the overall budget and availability of the required expert personnel on the Consultant's team. The Consultant will provide monthly status reports that will be discussed with ESD management. Performance of the Consultant on each service order will be evaluated after each project is completed and prior to the issuance of the next service order.

EVALUATION AND FOLLOW-UP

No additional follow up action with Council is expected at this time.

POLICY ALTERNATIVES

Alternative #1: An alternative approach to accomplish this effort would be for all work to be performed by City staff in lieu of the proposed partnership effort with outside professional engineering consulting firms.

Pros: The work would be done by City staff.

Cons: In-house staff does not possess the capacity or all the required technical capability and specialized equipment across the broad range of expertise anticipated for the wide array of O&M-related projects. A significant amount of the anticipated work will require engineering oversight in various technical specialties.

Reason for not recommending: The City would need to hire additional staff with the knowledge, expertise, and/or certification in a variety of engineering areas. Specialized equipment would need to be obtained or leased to perform these duties and staff would need to be trained and certified to use of the equipment. Furthermore, with an extensive CIP program underway at the Facility, there will already be an increased demand for engineering design and construction services and existing staff will not be able to meet the demand.

Alternative #2: An alternative approach to accomplish this effort would be to perform a separate RFP process for each of the projects described in the background and scope of work sections of this memo.

Pros: The RFP selection process would focus on the specific needs of each project instead of the broader scope of work specified in the recent RFP.

Cons: The RFP selection process typically takes six months or more to complete and involves a large amount of staff work to develop a specific project scope, solicit responses, interview consultants, negotiate contracts, and obtain Council approval if needed. The majority of the O&M projects require a more timely response due to the critical nature of various unit operations and processes at the Facility. By implementing a separate RFP selection process for each specific project, there will be significant delays in completing the O&M projects.

Reason for not recommending: This approach will limit the City's flexibility and response time for handling the O&M projects, resulting with a high possibility of leading to equipment and process failures that are critical to the safe and sound operation of the Facility.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the September 25, 2018 Council Meeting. Also, the Request for Proposal was advertised on the City's Internet Bid Sync Platform.

COORDINATION

The memorandum has been coordinated with the Environmental Services Department, the City Manager's Budget Office, and the City Attorney's Office. This item is scheduled to be heard at the September 13, 2018 Treatment Plant Advisory Committee (TPAC) meeting.

COMMISSION RECOMMENDATION/INPUT

This project is consistent with the following General Budget Principles "We must focus on protecting our vital core city services for both the short and long-term."

COST SUMMARY/IMPLICATIONS

Funding for service orders issued under the MSA will be made available from the San Jose/Santa Clara Treatment Plant Operations & Maintenance Funds (Fund 513). Funds will be encumbered as needed from various project appropriations when service orders are developed and will not exceed \$500,000 per fiscal year, for a four-year total not-to-exceed aggregate amount of \$2,000,000. All encumbrances will be subject to the annual appropriation of funds.

BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	Total Appn.	Amount Requested	2018-2019 Proposed Operating Budget Page*	Last Budget Action (Date, Ord. No.)
513	0762	ESD Non-Personal/Equipment	\$28,440,251	\$500,000	X-81	6/19/2018 30124

* The 2018-2019 Operating Budget was adopted on June 19, 2018.

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

/s/
KERRIE ROMANOW
Director, Environmental Services

For questions, please contact Amit Mutsuddy, Deputy Director, WMD, at (408) 635-4007.