



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: February 26, 2018

Approved

Date

2/26/18

COUNCIL DISTRICT: 1, 2, 3, 4, 6, 7, 8

SUBJECT: MASTER SERVICE AGREEMENTS WITH HYDROSCIENCE ENGINEERS, INC., AND WITH MNS ENGINEERS, INC. FOR CONSULTANT ENGINEERING SERVICES FOR THE SOUTH BAY WATER RECYCLING PROGRAM

RECOMMENDATION

Approve Master Service Agreements for consultant engineering services with HydroScience Engineers, Inc. and MNS Engineers, Inc. for a term through June 30, 2020 for a total maximum compensation of \$750,000.

OUTCOME

The recommended action will enable the Environmental Services Department, South Bay Water Recycling (SBWR) Program to move forward with implementing necessary Operations and Maintenance (O&M) projects.

BACKGROUND

The SBWR Program in the Environmental Services Department is responsible for the production and distribution of recycled water in the south bay serving customers and residents in the cities of San José, Santa Clara, and Milpitas. SBWR began its operation in 1998 by diverting treated wastewater from the San José-Santa Clara Regional Wastewater Facility. Currently, the SBWR system has five pump stations and over 150 miles of pipeline servicing more than 800 end-users of recycled water.

SBWR has numerous O&M projects in need of implementation to maintain its system operations and reliability. The projects come from three primary sources of general repairs/replacement due to normal equipment replacement cycles, projects as identified in the 2010 SBWR Condition Assessment Report, and projects as identified in the 2014 SBWR Strategic and Master Plan. The current workload exceeds the capacity of existing staff and additional engineering resources are necessary to manage the workload.

ANALYSIS

The City released the Request for Proposal (RFP) for consultant engineering services on October 3rd, 2017. A three-member panel evaluated the two proposals. Both prospective consultants participated in oral interviews. The results from the written and oral reviews were combined, and the local and small business preference points were not a factor in the final points. The table below provides a summary of the evaluation by category.

		Expertise	Experience	Approach	Local Business Preference	Small Business Preference	Total
1	HydroScience Engineers, Inc.	35	34	9	5	0	83
2	MNS Engineers, Inc.	32	32	8	5	0	77

Due to the high scores of both consultant firms as well as the desire to implement numerous projects in the next three years, staff recommends City Council to award an agreement to each of the two consultant firms with \$450,000 to HydroScience Engineers and \$300,000 to MNS Engineers for engineering consulting services.

The Scope of Services under the Master Services Agreement will involve a variety of engineering services activities related to SBWR O&M projects. Specific service orders will be issued to implement these projects. Staff will negotiate costs with the consultants on individual project proposals on a flat fee, or not-to-exceed time and materials basis. Staff will determine the award of the individual service orders based on the overall expertise, total cost, and availability of the required expert personnel on the consultant's team.

EVALUATION AND FOLLOW-UP

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

POLICY ALTERNATIVES

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

Pros: The work would be done by City staff.

Cons: In-house staff does not possess the capacity of all the required technical capability and specialized equipment across the broad range of expertise anticipated for the wide array of operations and maintenance 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 be needed to be obtained or leased to perform these duties and staff would need to be trained and certified to use the equipment.

Alternative #2: An alternative approach to accomplish this effort would be to perform a separate RFP process for each of the needed projects.

Pros: The RFP selection process would focus on the specific needs of each project instead of the broader scope of work specified in the consultant services 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, evaluate consultants, negotiate contracts, and obtain City Council approval, if necessary. 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. Significant delays would occur in completing the necessary O&M projects.

Reason for not recommending: This approach would limit the City's flexibility and response time for handling the projects, possibly leading to equipment and process failures critical to safe and reliable operations of the SBWR facilities.

PUBLIC OUTREACH

This memorandum will be posted on the Treatment Plant Advisory Committee (TPAC) website for the March 8, 2018 meeting and the City Council Agenda website for the March 20, 2018 meeting.

COORDINATION

This project and memorandum have been coordinated with the Finance Department (Risk Management), the City Manager's Budget Office, and the City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

This item is scheduled to be heard at the March 8, 2018 Treatment Plant Advisory Committee (TPAC) meeting. A supplemental memo with the committee's recommendation will be included in the amended March 20, 2018 City Council meeting agenda.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION: \$750,000

2. COST ELEMENTS OF AGREEMENT:

Consultant Engineering Services	<u>Per Service Order</u>
Labor Rates	Under Negotiation

TOTAL AGREEMENT: \$750,000

3. SOURCE OF FUNDING:

Fund 513 – San José-Santa Clara Treatment Plant Operating Fund

BUDGET REFERENCE

The table below identifies the fund and appropriation proposed to fund the contracts recommended as part of this memorandum.

Fund #	Appn. #	Appn. Name	Total Appn.	Amount for Agreement	2017-2018 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
513	0762	Non-Personal/ Equipment	\$34,082,102	\$750,000	1037	10/17/2017, Ord. No. 30014

Funding for service orders in 2017-2018 is available in the 2017-2018 Adopted Operating Budget. Costs to be incurred in future fiscal years are subject to appropriation and, if needed, will be included in the development of future year budgets during the annual budget process.

HONORABLE MAYOR AND CITY COUNCIL

February 26, 2018

Subject: South Bay Water Recycling Master Service Agreements

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CEQA

Exempt, File No. PP18-004.

/s/

KERRIE ROMANOW

Director, Environmental Services

For questions please contact Jeff Provenzano, Deputy Director, Water Resources Division, at (408) 277-3288.