



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow
Matt Cano
Jim Shannon

SUBJECT: SEE BELOW

DATE: April 30, 2020

Approved

Date

4/30/2020

COUNCIL DISTRICT: 4

**SUBJECT: REPORT ON BIDS AND AWARD OF CONSTRUCTION CONTRACT FOR
9394 – LEGACY LAGOONS CLEANUP PHASE 1 PROJECT AT THE SAN
JOSÉ – SANTA CLARA REGIONAL WASTEWATER FACILITY**

RECOMMENDATION

- (a) Adopt a resolution adopting an Addendum to the Environmental Impact Report for the San José-Santa Clara Water Pollution Control Plant Master Plan Project in accordance with the California Environmental Quality Act (CEQA), as amended, and adopting a related Mitigation Monitoring and Reporting Program.
- (b) Report on bids and award of contract for the 9394 – Legacy Lagoons Cleanup Phase 1 Project to the low bidder, Pipe and Plant Solutions, Inc. in the amount of \$4,901,796, and approval of a 15 percent contingency in the amount of \$735,270.
- (c) Adopt the following 2019-2020 Appropriation Ordinance Amendments in the San José-Santa Clara Treatment Plant Capital Fund:
 - 1. Decrease the Support Building Improvements appropriation to the Environmental Services Department by \$8,037,066; and
 - 2. Establish the Legacy Lagoons Biosolids Remediation appropriation to the Environmental Services Department in the amount of \$8,037,066.

OUTCOME

Award of the construction contract to Pipe and Plant Solutions, Inc. will allow for construction and completion of the 9394 – Legacy Lagoons Cleanup Phase 1 Project (Project) at the San José-Santa Clara Regional Wastewater Facility (RWF or Facility). The Project will allow the City of San José (City) to comply with the Order No. R2-2019-0026 (Order) from the San Francisco Bay Regional Water Quality Control Board (Regional Water Board) and facilitate the advancement of the South Bay Shoreline Levee Project led by the U.S. Army Corps of Engineers

(Corps). Approval of a fifteen percent contingency will provide funding for any unanticipated work that is necessary for the proper completion of the Project.

BACKGROUND

From 1962 to 1974, the RWF accumulated the residuals from its solids treatment process (biosolids) in a series of 25 bermed lagoons (Legacy Lagoons) located north of the RWF's main operational area. (See Attachment A.) No additional material has been placed in these lagoons since 1974. The biosolids were cleaned and relocated from Lagoons L-4 and L-8 to Lagoon L-12 in 1992 and 1994. Lagoon L-8 has been used by the San José Police Department Bomb Squad for explosives detonation and training purposes for the region. The remaining 23 inactive lagoons cover 168-acres and contain a total of approximately 750,000 cubic yards of biosolids.

During the period the lagoons were actively used, the Facility treated waste from industrial activities that were not yet subject to pretreatment requirements of the 1972 Clean Water Act. Sampling and analysis of the legacy biosolids over the last 30 years has characterized the biosolids material as potentially hazardous waste under California law due to concentrations of cadmium, lead, and chromium that exceed disposal thresholds. As part of the San José/Santa Clara Water Pollution Control Plant Master Plan Environmental Impact Report, adopted on November 19, 2013, the City recognized and approved the remediation of the inactive Legacy Lagoons. Once remediation of the inactive Legacy Lagoons is completed, most of the area would become available for either future operational or capital use.

In August 2019, the Regional Water Board issued Order No. R2-2019-0026 (Order) which mandated the City as Administrator of the RWF to remediate the inactive Legacy Lagoons by November 1, 2023. The selected and approved approach is to consolidate and cap the biosolids into a smaller footprint within the project area. In addition, the Order requires prioritization of the cleanup and closure of lagoons L-16 to L-19 by January 1, 2021 to meet the aggressive timeline and realignment of the adjacent South Bay Shoreline Levee Project (Shoreline Project) led by the Corps and sponsored by the Santa Clara Valley Water District (Valley Water) and California State Coastal Conservancy.

Pursuant to the Order, the Project will remove the biosolids from lagoons L-16 to L-19 by January 1, 2021, consolidating and capping the material in other designated lagoons.

To meet the Order's deadline, the design for this project was placed on an expedited schedule and advertised on February 26, 2020. Construction is scheduled to commence in July 2020 with substantial completion in December 2020.

ANALYSIS

Bids were opened on March 26, 2020, with the following results:

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/ (Under) Percent</u>
Pipe and Plant Solutions, Inc. (Oakland)	\$4,901,796	(\$48,204)	(1)
Engineer's Estimate	4,950,000	---	---
Pacific States Environmental Contractors, Inc. (Dublin)	5,845,300	895,300	18
Granite Construction Company (Santa Clara)	6,737,068	1,787,068	36

The low bid submitted by Pipe and Plant Solutions, Inc. is 1 percent under the Engineer's Estimate. Staff considers this reasonable for the work involved.

Pipe and Plant Solutions, Inc. has been in the construction business for over 9 years and has done numerous projects for public agencies in California, including the City and County of San Francisco, East Bay Municipal Utility District, San Francisco Public Utility Commission, and the San José – Santa Clara Regional Wastewater Facility.

San José Municipal Code Section 7.04.050 provides that, except where Council approves a higher contingency amount, the contingency for all public works contracts (other than those involving the renovation of a building or buildings) cannot exceed ten percent of the total contract amount. Because this project is within an environmentally sensitive area which is a natural habitat of the endangered salt marsh harvest mouse, unknown existing site conditions largely due to age of the Facility, and has a short construction window, staff recommends a contingency of 15 percent to account for natural habitat management and for any unanticipated work necessary for the proper completion of the project. The funds budgeted for this project are sufficient to provide for the recommended contingency.

Pursuant to the Order of the Health Officer of the County of Santa Clara (Health Order), issued on March 31, 2020, Section 13.f.v.4, the City has reviewed and determined that this project is required to support Essential Governmental Functions, and therefore, will be continued while the Health Order is in effect.

Project Labor Agreement Applicability

The Director of Public Works determined that a project labor agreement (PLA) is applicable to this project because the engineer's estimate is over three million dollars and the project does not meet any of the exemptions outlined in the PLA agreement.

Local and Small Business Outreach

In order to facilitate small and local business participation on this project, the following actions were taken: (1) during the design, the project engineers separated the following items for subcontracting opportunities: pickleweed removal, silt fence, construction survey & staking, and erosion control hydro seed in order to facilitate the ability for more local contractors to bid on the project; and (2) procurement staff outreached suppliers through Biddingo with 9,381 emails.

Pipe and Plant Solutions, Inc. and their two subcontractors, Proven Management, Inc. and Pronesti Environmental Inc. are not local Santa Clara County businesses.

CONCLUSION

Based on staff's evaluation of the bids, staff considers the low bid acceptable and recommends awarding the construction contract for the Project to Pipe and Plant Solutions, Inc.

EVALUATION AND FOLLOW-UP

The City will update the Treatment Plant Advisory Committee (TPAC) and the San José and Santa Clara city councils before the anticipated property transaction of Lagoons L-16 to L-19 for the realignment of the Shoreline Project. Any final property transaction will require approval by both the San José and Santa Clara city councils. The planned second phase will relocate the biosolids material in the remaining inactive Legacy Lagoons to the consolidation area and install a permanent cap. Construction for this second phase is anticipated to start as early as Summer 2021. Staff will return to TPAC and council for the award of phase two construction work.

A progress report on this project will be included in the semiannual updates of the RWF capital projects to TPAC, Transportation and Environment Committee, and the Council.

CLIMATE SMART SAN JOSÉ

The recommendation in this memo has no effect on Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

To solicit contractors, this project was advertised on Biddingo.com on February 26, 2020. The complete bid package and project information for all Department of Public Works construction projects are available on Biddingo.com for interested contractors, contractor organizations, and builders' exchanges. This memorandum will be posted on the City's Council Agenda website for the May 12, 2020 City Council Meeting.

COORDINATION

This project memorandum has been coordinated with the City Attorney's Office, Finance Department, and the Planning, Building and Code Enforcement Department.

COMMISSION RECOMMENDATION/INPUT

This item is scheduled to be heard at the May 7, 2020 TPAC meeting. A supplemental memo with TPAC's recommendation will be included in the amended May 12, 2020 City Council meeting agenda.

FISCAL/POLICY ALIGNMENT

This project is consistent with the Plant Master Plan objectives of flood control (Shoreline project), efficient operations (maximizes long-range efficient use of the RWF's existing facilities and reduces the footprint of the biosolids treatment area), and habitat (reduces long-term threat to habitat).

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

Project Delivery	\$2,400,000 *
Construction	4,901,796
Contingency (15%)	<u>735,270</u>
Total Project Costs	\$8,037,066

* Project Delivery includes \$1,105,000 for Design Service and \$1,295,000 for Construction Management and Inspection Services.

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

Mobilization	\$280,000
Stormwater Pollution Prevention Plan	586,556
Demolitions	881,800
Survey	150,000
Excavation	1,504,900
Site Grading	1,387,840
Erosion Control	<u>110,700</u>
TOTAL AGREEMENT/CONTRACT AMOUNT	\$4,901,796

3. SOURCE OF FUNDING: 512-San José-Santa Clara Treatment Plant Capital Fund. Appropriation actions for 2019-2020 are recommended to shift funding to a new appropriation for Legacy Lagoons Cleanup from the Support Building Improvements appropriation. Construction award for the HVAC Improvements Project, under the Support Building Improvements appropriation, is now anticipated to be deferred to 2022-2023, to better align the timing of construction with available construction management resources. New funds have been programmed in the 2021-2025 Proposed Capital Improvement Program (CIP) for the HVAC Improvements Project.
4. FISCAL IMPACT: This contract will have no additional ongoing impact on the San-José-Santa Clara Treatment Plant Operating Fund (Fund 513) or the General Fund.
5. PROJECT COST ALLOCATION: In accordance with the recommendations set forth in Capital Project Cost Allocations Technical Memorandum (Carollo Engineers, March 2016), this project will be allocated between the four billable parameters relative to the rolling weighted average distribution of all RWF assets.

BUDGET REFERENCE

The table below identifies the fund and appropriations to fund the contract recommended as part of this memo and remaining project costs, including project delivery, construction, and contingency costs.

Fund #	Appn #	Appn. Name	Current Total Appn	Recommended Appn Action	Amt. for Contract	2019-2020 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
512	New	Legacy Lagoons Biosolids Remediation		\$8,037,066	\$4,901,796	N/A	N/A
512	7681	Support Building Improvements	\$14,552,000	(\$8,037,066)	N/A	V-141	06/18/2019 Ord. No. 30286

CEQA

Addendum to the Environmental Impact Report for the San José/Santa Clara Water Pollution Control Plant Master Plan (SCH# 2011052074), Legacy Biosolids Lagoons Site Cleanup, File No. ER20-007.

/s/
KERRIE ROMANOW
Director, Environmental Services Department

/s/
MATT CANO
Director, Public Works Department


JIM SHANNON
Budget Director

For questions, please contact Michael O'Connell, Deputy Director, Public Works Department, at (408) 535-8300.

Attachment A: Location Map

Attachment A

9394 - Legacy Lagoons Cleanup Phase 1 Project



LOCATION MAP

N.T.S.