



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow
Matt Cano

SUBJECT: SEE BELOW

DATE: May 17, 2020

Approved

D. D. Syl

Date

05/21/20

SUBJECT: REPORT ON BIDS AND AWARD OF CONSTRUCTION CONTRACT FOR 8868 – ADVANCED FACILITY CONTROL AND METER REPLACEMENT - PHASE 2 PROJECT AT THE SAN JOSÉ-SANTA CLARA REGIONAL WASTEWATER FACILITY

RECOMMENDATION

Report on bids and award a construction contract for the 8868 – Advanced Facility Control and Meter Replacement – Phase 2 Project to the low bidder, Kiewit Infrastructure West Co., in the amount of \$7,046,100, including Add Alternate Items No. 1 through 5, and approve a 20 percent contingency in the amount of \$1,409,220.

OUTCOME

Award of the construction contract to Kiewit Infrastructure West Co. (Kiewit) will allow for the construction and completion of the Advanced Facility Control and Meter Replacement – Phase 2 Project (Project) at the San José-Santa Clara Regional Wastewater Facility (RWF), which will improve its operational reliability and efficiency. Approval of a 20 percent construction contingency will provide funding for unanticipated work necessary for the proper and timely completion of the Project.

BACKGROUND

The RWF relies on control equipment, such as flow meters, valves and actuators, sensors and transmitters, for process monitoring and control to maintain safe and efficient operation of the RWF and full compliance with its National Pollutant Discharge Elimination System (NPDES) permit. Most of the control equipment at the RWF was installed during the 1960s and 1970s and is in poor condition and requires excessive maintenance. Some of the control equipment is difficult to repair because it is no longer supported by the manufacturers, and replacement parts are scarce or not available. Therefore, there is an urgent need to replace the control equipment to increase equipment and data reliability and integrity, and to improve the RWF's overall operations and efficiency.

The Project will replace and/or upgrade the control equipment in the Secondary A Battery, Nitrification A Battery, East Primaries and Filtration treatment areas, as shown in Attachment A. The project scope includes replacing 52 flow meters, 24 valves, 12 valve actuators, 60 sensors and transmitters, associated piping modifications, and electrical improvements.

Construction is scheduled to begin in July 2020, with substantial completion in December 2022. Major construction work will be performed during the planned annual maintenance shutdown periods for Nitrification A and Secondary A batteries in 2021 and 2022, respectively. Other construction work, in the Filtration and East Primary treatment areas, will be performed during contractor coordinated process shutdowns in winter 2020 and summer 2021 or summer 2022, respectively.

Council Resolution No. 71816, adopted on November 4, 2003, requires pre-qualification of contractors on all public works projects in which the Engineer's Estimate is \$10 million or more. The Engineer's Estimate for this project is \$11.3 million, and the Project will be delivered using a conventional design-bid-build delivery method. Based on these factors, staff conducted a pre-qualification process in July 2019. Three general contractors submitted pre-qualification packages. Staff evaluated the packages and determined that all three general contractors met the pre-qualification requirements. Of the three pre-qualified contractors who were invited to bid on the Project, two submitted bids.

ANALYSIS

Bids were opened on February 20, 2020 with the following results:

Contractor	Base Bid Amount	Add Alt Total	Total Bid	Variance Amount	Over/ (Under) Percent
Kiewit Infrastructure West Co. (Fairfield)	\$5,969,100	\$1,077,000	\$7,046,100	(\$4,207,227)	(37.4%)
C. Overaa & Co. (Richmond)	\$7,244,000	\$1,170,000	\$8,414,000	(\$2,839,327)	(25.2%)
Engineer's Estimate	\$8,648,141	\$2,605,186	\$11,253,327		

In addition to the base bid scope of work there are five Add Alternate bid items as follows:

1. Replacement of East Primary Battery A&B and C&D Flowmeters, East Primary Battery A, B, C, and D Density Meters and all other associated modification work.
2. Replacement of Secondary Tank A-5 West End Feed 36" Influent and 30" RAS Influent Flow Meters, DO Sensors and Transmitters, and all other associated modification work.
3. Replacement of Secondary Tank A-6 West End Feed 36" Influent and 30" RAS Influent Flow Meters, DO Sensors and Transmitters, and all other associated modification work.

4. Replacement of analyzers in Filter Tanks, Filter Building, and Service Wing, Effluent Structure No. 2 and all other associated modification work.
5. Replacement of analyzers in Filter Diversion Shed and all other associated modification work.

Contractor	Add Alt No. 1	Add Alt No. 2	Add Alt No. 3	Add Alt No. 4	Add Alt No. 5
Kiewit Infrastructure West Co.	\$322,000	\$235,000	\$213,000	\$265,000	\$42,000
C. Overaa & Co.	\$347,000	\$210,000	\$190,000	\$365,000	\$58,000
Engineer's Estimate	\$805,211	\$530,011	\$490,156	\$710,481	\$69,327

A total of two bids were received and both bids were below the Engineer's Estimate. The discrepancy between the engineer's estimate and the bid amounts may be attributed to the following factors:

- Equipment vendor quotes used on the bid are likely lower than the quotes used in the Engineer's Estimate due to the competitive nature of the bidding process,
- The Engineer's Estimate for mitigation costs for known hazardous materials may have been more conservative than the contractors' estimates, and
- Lower mobilization and staffing costs as Kiewit and Overaa both already have active construction projects at the RWF.

The low bid submitted by Kiewit is 37 percent below the Engineer's Estimate. Staff considers Kiewit's bid to be acceptable for the work involved and recommends awarding a construction contract to Kiewit. Add Alternates Nos. 1, 2, 3, 4 and 5 are recommended for award because the Project budget is sufficient to accommodate these additions.

Staff recommends a 20 percent construction contingency for this Project. This contingency is recommended to account for the challenge of maintaining continuous operations at the RWF during construction, complex project interfaces with existing electrical and process control facilities, potential utility conflicts, access constraints, and the potential for conflicts with other concurrent capital improvement and annual maintenance projects.

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.

Local and Small Business Outreach

Neither Kiewit nor its subcontractors are small businesses. While Kiewit submitted the bid from their Fairfield office, the company does have a local office in Santa Clara County. None of the subcontractors listed in the bid are local companies. Although the City cannot limit bidding to local firms, the RWF CIP has held an annual vendor open house to increase awareness in the

contractor and consultant community about upcoming opportunities. The last open house prior to bid advertisement, was held in November 2018 and attended by 48 companies. One third were small businesses and half were local businesses.

CONCLUSION

Based on staff's evaluation of the bids, staff considers the bid submitted by the low bidder to be acceptable for the work involved and recommends awarding the construction contract for the Project to Kiewit.

EVALUATION AND FOLLOW-UP

No follow-up action with City Council is expected at this time. A progress report on this and other RWF capital projects will be made to the Transportation and Environment Committee and the City Council on a semiannual basis. Monthly progress reports of the RWF Capital Improvement Program (CIP) will also be submitted to the Treatment Plant Advisory Committee (TPAC) and posted on the City's website.

CLIMATE SMART SAN JOSE

This project will replace equipment with like-for-like equipment and will not affect energy or water consumption. The recommendations in this memo will have no effect on Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

This project was advertised on Biddingo.com on January 22, 2020 and in the San José Post Record. This memorandum will be posted on the City's Council Agenda website for the June 2, 2020 City Council meeting.

COORDINATION

This Project and memorandum have been coordinated with the Departments of Planning, Building and Code Enforcement, Fire, Finance, the City Manager's Budget Office, and the City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

This item is scheduled to be heard at the May 28, 2020 TPAC meeting. A supplemental memo with the committee’s recommendation will be included in the amended June 2, 2020 City Council meeting agenda.

FISCAL/POLICY ALIGNMENT

This Project is consistent with the Council-approved focus on rehabilitating aging RWF infrastructure, improving efficiency, and reducing operating costs. This Project is also consistent with the budget strategy principle of focusing on protecting our vital core services.

COST SUMMARY/IMPLICATIONS

1.	AMOUNT OF RECOMMENDATION/COST OF PROJECT:	\$7,046,100
	Project Delivery	\$4,524,944
	Construction	\$7,046,100
	<u>Contingency (20%)</u>	<u>\$1,409,220</u>
	Total Project Costs	\$12,980,264
	<u>Prior Year Expenditures</u>	<u>\$541,350</u>
	REMAINING PROJECT COSTS	\$12,438,914

** Project delivery includes \$493,059 for project management during design, \$196,618 for bid and award, \$3,571,210 for construction management, and \$264,057 for post-construction and project closeout.*

The estimated project delivery cost is 64% of the construction cost, which is in line with project delivery costs for capital projects at other wastewater facilities.

2. COST ELEMENTS OF AGREEMENT/CONTRACT:
This is a lump sum contract. \$ 7,046,100
3. SOURCE OF FUNDING: Fund 512 – San José-Santa Clara Treatment Plant Capital Fund. Fund 570 – South Bay Water Recycling Operating Fund.
4. FISCAL IMPACT: The Project will have no additional impact on the San José-Santa Clara Treatment Plant Operating Fund (Fund 513), South Bay Water Recycling Operating Fund (Fund 570) or the General Fund.

5. **OPERATING COSTS:** The annual costs to operate and maintain the upgraded facilities are not anticipated to impact the San José-Santa Clara Treatment Plant Operating Fund as this is an equipment replacement project, and therefore there will be no additional annual operations and maintenance costs.

6. **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	Total Appn	Amt. for Contract	2019-2020 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
Remaining Project Costs			\$12,941,647			
Remaining Funding Available						
512	7224	Advanced Facility Control and Meter Replacement	\$15,495,000	\$7,004,100	V-125	06/18/2019 Ord. No. 30286
570 ¹	0762	Non-Personal Equipment	\$3,855,958	\$42,000	X-87	10/22/2019 Ord. No. 30325
Total Current Funding Available			\$19,350,958			

1. The project includes removal and replacement of three (3) instruments owned by South Bay Water Recycling but operated by RWF Operations. This portion of the scope will be funded through Fund 570 - South Bay Water Recycling Operating Fund. The included page reference for this portion is to the 2019-2020 Adopted Operating Budget rather than the 2019-2020 Adopted Capital Budget.

HONORABLE MAYOR AND CITY COUNCIL

May 17, 2020

Subject: 8868 – Advanced Facility Control and Meter Replacement – Phase 2 Project

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CEQA

Exempt, File No. PP16-130, CEQA Guidelines Section 15301, Existing Facilities

/s/

KERRIE ROMANOW

Director, Environmental Services Department

/s/

MATT CANO

Director of Public Works

For questions, please contact Napp Fukuda, Assistant Director, Environmental Services Department at (408) 793-5353.

Attachment A – Advanced Facility Control and Meter Replacement - Phase 2 Project Map

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