



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow
Matt Cano

SUBJECT: SEE BELOW

DATE: September 28, 2020

Approved

Date

9/28/2020

**SUBJECT: REPORT ON BIDS AND AWARD OF CONSTRUCTION CONTRACT
FOR 7448 – FILTER REHABILITATION PROJECT AT THE SAN JOSE-
SANTA CLARA REGIONAL WASTEWATER FACILITY**

RECOMMENDATION

Report on bids and award of construction contract for 7448 – Filter Rehabilitation Project to the low bidder, Walsh Construction Company, LLC, for base bid and Add Alternate No. 3, in the amount of \$33,290,577, and approve a 20 percent construction contingency in the amount of \$6,658,000.

OUTCOME

Award of the construction contract to Walsh Construction Company, LLC (Walsh) will allow for construction and completion of the Filter Rehabilitation Project (Project), which will implement critical and key process improvements to enable continued regulatory compliance and improve operational reliability of the tertiary filtration process at the San José-Santa Clara Regional Wastewater Facility (RWF). Approval of a 20 percent contingency will provide funding for unanticipated work that is necessary for the proper and timely completion of the Project.

BACKGROUND

The RWF's tertiary filtration process (Filtration Process) is one of the final steps of the wastewater treatment process and is a necessary component of complying with the RWF's regulatory permit requirements. The Filtration Process operates at an annual average flowrate of 110 million gallons per day (MGD) and is the largest tertiary filtration facility in the western United States. The tertiary filtration facility consists of sixteen granular media filters and associated ancillary equipment. Most of the equipment was constructed in the 1970s and 1980s and requires significant refurbishment.

A comprehensive condition assessment of the Filtration Process was completed in winter 2016. It evaluated the condition, operability, and maintainability of the structural, process mechanical, electrical, and instrumentation systems. The assessment identified several systems that needed critical repair or replacement.

The Project will replace the filter media for all sixteen granular media filters, replace the existing surface wash system with a new air scour system, replace valves and actuators serving the granular media filters, repair concrete walkways and decks around the granular media filters, and replace electrical and instrumentation and control equipment for all sixteen granular media filters.

Construction is scheduled to begin in November 2020, with substantial completion anticipated by June 2024.

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 \$32.2 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 October 2019. Four general contractors submitted pre-qualification packages. Staff evaluated the packages and determined that three general contractors met the pre-qualification requirements. All three pre-qualified contractors invited to bid on the Project, submitted their bids.

ANALYSIS

Bids were opened on June 18, 2020, with the following results:

| Contractor | Base Bid Amount | Add Alternates Total | Total Bid | Variance Amount | Over/ (Under) Percent |
|---|------------------------|-----------------------------|---------------------|------------------------|------------------------------|
| Engineer's Estimate | \$31,927,752 | \$305,000 | \$32,232,752 | - | - |
| Walsh Construction Company (Concord, CA) | \$33,195,577 | \$358,300 | \$33,553,877 | \$1,321,125 | 4.1 |
| Kiewit Infrastructure West Co. (Fairfield, CA) | \$35,232,600 | \$302,500 | \$35,535,100 | \$3,302,348 | 10.2 |
| Shimmick Construction (Oakland, CA) | \$35,931,240 | \$236,000 | \$36,167,240 | \$3,934,488 | 12.2 |

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

1. Addition of noise control in the Filtration Building Pump Room which houses various large pumps that generate high noise levels.
2. Addition of a strap-on flow meter on each of the two filter bypass pipes to enable measurement of flow in the event the bypass pipes are used during construction.

3. Replacement of lighting at Chlorine Contact Tanks including furnishing and installing fixtures, poles, pole anchorages, conduits, wiring, switches, and other related components to help improve operator safety in the area.

| Contractor | Add Alternate #1 | Add Alternate #2 | Add Alternate #3 |
|--------------------------------|-------------------------|-------------------------|-------------------------|
| Engineer's Estimate | \$73,000 | \$66,000 | \$166,000 |
| Walsh Construction Company | \$103,300 | \$160,000 | \$95,000 |
| Kiewit Infrastructure West Co. | \$53,500 | \$143,000 | \$106,000 |
| Shimmick Construction | \$71,000 | \$45,000 | \$120,000 |

All bids received were higher than the Engineer's Estimate. The low bid, submitted by Walsh Construction Company (Walsh), is four percent over the Engineer's Estimate, within the expected level of accuracy. The overall spread between the lowest and highest bid amounts was eight percent, with a spread of only two percent between the second and third lowest bids. Staff considers this reasonable for the work involved and recommends awarding the construction contract to Walsh.

The price of Add Alternate No. 3 provided by Walsh is competitive and reflects market pricing for this type of work. As a result, this item would be best undertaken by the Project. The costs for the other two add alternates were significantly above the Engineer's Estimate and the labor and materials did not justify the higher costs. These items will be handled separately outside this project.

San José Municipal Code Section 27.04.050 provides that the contingency for all public works contracts (except those involving the renovation of a building or buildings) cannot exceed ten percent of the total contract amount except for a contract in which Council approves a different amount. Staff recommends a 20 percent construction contingency for this Project, which should be sufficient to account for the challenge of maintaining continuous operations at the RWF during construction, complex project interfaces with existing electrical and process control facilities, unforeseen conditions, potential utility conflicts, access constraints, the potential for conflicts with other concurrent capital improvement and annual maintenance projects, as well as unexpected delays due to the COVID-19 pandemic.

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 does not fall under any of the exemption categories.

Local and Small Business Outreach

Staff used Biddingo to outreach to local and small business enterprises. Chapter 4.12 of the San Jose Municipal Code defines a “local business enterprise” as one with a legitimate business presence in Santa Clara County and “small business enterprise” as a local business enterprise with 35 or fewer employees. Staff sent pre-qualification invitations to 10,252 vendors, and documents were downloaded by 16 vendors, approximately four of which were located within Santa Clara County and therefore local. Of the three contractors who were qualified and subsequently submitted bids, none were a local or a small business enterprise. The low bid contractor is not a local or a small business enterprise.

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 February 2020 and attended by 24 companies. One-fifth of the attendees represented small businesses and over one-half represented local 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 the contractor, Walsh.

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 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

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

PUBLIC OUTREACH

The Project was advertised on Biddingo.com on March 13, 2020. This memorandum will be posted on the City’s Council Agenda website for the October 20, 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. This memorandum will be presented at the October 8, 2020 TPAC meeting for consideration.

COMMISSION RECOMMENDATION/INPUT

This item is scheduled to be heard at the October 8, 2020 TPAC meeting. A supplemental memo with TPAC's recommendation will be included in the amended October 20, 2020 City Council meeting agenda.

FISCAL/POLICY ALIGNMENT

This Project is consistent with the City Council-approved budget strategy to focus on rehabilitating aging RWF infrastructure, improve efficiency, and reduce 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: | \$33,290,577 |
| | Project Delivery* | \$18,393,000 |
| | Construction | \$33,290,577 |
| | <u>Contingency (20%)</u> | <u>\$6,658,000</u> |
| | Total Project Costs | \$58,341,577 |
| | <u>Prior Year Expenditures</u> | <u>\$6,965,329</u> |
| | REMAINING PROJECT COSTS | \$51,376,248 |

** Project delivery estimate includes: \$2,044,000 for project management and professional consultant services during feasibility/development; \$4,601,000 for project management, value engineering, and professional consultant services during design; \$379,000 project management and professional consultant services for bid and award; \$4,261,000 for project management and professional consultant services during construction; \$ 6,667,000 for construction management (including specialty inspections) during construction; and \$441,000 for project management and professional consultant services during post-construction and project closeout.*

The estimated project delivery cost 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. \$33,290,577

3. SOURCE OF FUNDING: 512 – San José-Santa Clara Treatment Plant Capital Fund.

4. FISCAL IMPACT: The Project will have no additional 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 the Capital Project Cost Allocations Technical Memo (Carollo Engineers, March 2016), this project is allocated 100% flow.

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 | 2020-2021 Proposed Capital Budget Page** | Last Budget Action (Date, Ord. No.) |
|--|--------|-------------------------------|----------------------|-------------------|--|-------------------------------------|
| Remaining Project Costs | | | \$51,376,248* | | | |
| Remaining Funding Available | | | | | | |
| 512 | 7227 | Filter Rehabilitation Project | 48,842,000 | \$33,290,577 | V-81 | 06/23/20 Ord. No. 30437 |
| Total Current Funding Available | | | | | | |

*There is adequate funding available in 2020-2021 to award this contract. Future funding is subject to appropriation and, if needed, will be included in the development of future year budgets during the annual budget process.

**Council adopted the 2020-2021 Capital Budget with adjustments per Manager's Budget Addendum #33 on June 23, 2020.

HONORABLE MAYOR AND CITY COUNCIL
September 28, 2020
Subject: 7448 - Filter Rehabilitation Project
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CEQA

Categorically Exempt, CEQA Guidelines Section 15301(b), Existing Facilities, File No. PP17-049.

/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 – Filter Rehabilitation Project Location Map
Attachment B – Statement of Exemption – CEQA Exemption

Attachment A: Filter Rehabilitation Project Location Map



Attachment B



Planning, Building and Code Enforcement

ROSALYNN HUGHEY, INTERIM DIRECTOR

STATEMENT OF EXEMPTION

FILE NO. PP17-049

LOCATION OF PROPERTY San Jose/Santa Clara Regional Wastewater Facility (RWF)

PROJECT DESCRIPTION Repair and/or replacement of mechanical equipment located in the fenced operations area of RWF. The activities covered by this exemption shall not include removal of any trees or alteration of any areas that are currently in an undeveloped/natural state.

ASSESSOR'S PARCEL NUMBER 015-31-024

CERTIFICATION

Under the provisions of Section 15301(b) of the State Guidelines for Implementation of the California Environmental Quality Act (CEQA) as stated below, this project is found to be exempt from the environmental review requirements of Title 21 of the San José Municipal Code, implementing the California Environmental Quality Act of 1970, as amended.

15301. Consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. The types of "existing facilities" itemized below are not intended to be all-inclusive of the types of projects which might fall within Class 1. The key consideration is whether the project involves negligible or no expansion of an existing use. Examples include but are not limited to:

(b) Existing facilities of both investor and publicly owned utilities used to provide electric power, natural gas, sewerage, or other public utility services.

Rosalynn Hughey, Interim Director
Planning, Building and Code Enforcement

Date:

7/13/17


Deputy