



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: August 27, 2021

Approved

Date

08/30/21

SUBJECT: 9855 – MASTER CONSULTANT AGREEMENTS WITH JACOBS ENGINEERING GROUP INC, CDM SMITH INC, HDR ENGINEERING INC, BROWN AND CALDWELL, AND BLACK & VEATCH CORPORATION FOR GENERAL ENGINEERING SERVICES FOR THE SAN JOSE – SANTA CLARA REGIONAL WASTEWATER FACILITY CAPITAL IMPROVEMENT PROGRAM

RECOMMENDATION

Approve Master Consultant Agreements with Jacobs Engineering Group Inc, CDM Smith Inc, HDR Engineering Inc, Brown and Caldwell, and Black & Veatch Corporation to provide general engineering services at the San José – Santa Clara Regional Wastewater Facility from the date of execution through December 31, 2028 in amounts not to exceed \$7,000,000 each, subject to the appropriation of funds.

OUTCOME

Approval of these master agreements provides the City with the ability to obtain as-needed professional engineering services for projects for the Capital Improvement Program (CIP) at the San José-Santa Clara Regional Wastewater Facility (RWF). Approval of these agreements will not result in any physical changes to the environment as Council will need to take additional actions before construction on any capital projects commences.

BACKGROUND

The Adopted 2022-2026 CIP provides funding of approximately \$760,000,000 for construction at the RWF. The CIP contains more than 20 capital projects that will be designed by engineering consultants secured through project-specific procurements. The primary focus of the general engineering agreements will be to provide engineering support for small, urgent, or unscheduled capital improvements not included in the major capital projects. Small capital projects at the

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facility are expected to range from \$500,000 to \$5,000,000 in construction costs. These agreements will also provide City staff with engineering support services to perform condition assessments, engineering studies, and other engineering activities not already programmed as part of the major capital projects in the CIP.

Due to the relatively small size of many of these projects, the potential urgency that can be associated with replacement of equipment or structures that experience sudden failure, and the need to supplement engineering services for other major CIP projects during the course of the project, staff needs the ability to obtain professional engineering services quickly. The process of acquiring consultant services through a Request for Qualifications (RFQ) for a specific project can take anywhere from six to nine months to advertise for services, evaluate multiple proposals, and award an agreement. With the variety of work and engineering disciplines needed, acquiring multiple master consultant agreements provides the City with access to as-needed qualified consultants, through authorized service orders, and greater flexibility to respond to unexpected and critical projects while continuing to deliver the major, long-term capital program.

In 2016, the RWF CIP executed general engineering master agreements with AECOM Technical Services, Inc., Brown and Caldwell, and Black & Veatch Corporation with not-to-exceed amounts of \$5,000,000 each. The capacity of all three agreements is nearly exhausted for services required by current projects. New master consultant agreements are needed for upcoming projects and studies.

ANALYSIS

On March 24, 2021, the City issued an RFQ seeking professional services for general engineering services for miscellaneous projects at the RWF. The City received Statements of Qualifications (SOQs) from eleven firms by the May 7, 2021 submittal deadline.

A Technical Evaluation Panel, which consisted of representatives from the Environmental Services Department evaluated and ranked the SOQs in accordance with the procurement process set forth in the RFQ. Each panel member evaluated the SOQs using a consistent scoring matrix based on the firm's expertise, experience, approach, cost, local and small business enterprise (LBE/SBE) status. Each firm received a total score comprised of their SOQ score and LBE/SBE status. Interviews were not conducted for this procurement. The scored categories were as follows:

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| Evaluation Categories | Possible Points |
|--------------------------------------|------------------------|
| Technical Evaluation Criteria | |
| Proposal Responsiveness | Pass/Fail |
| Expertise | 35 |
| Experience | 30 |
| Approach | 15 |
| Non-Technical Criteria | |
| Cost Form | 10 |
| Local Business Enterprise | 5 |
| Small Business Enterprise | 5 |
| TOTAL | 100 |

All 11 firms met the minimum qualifications and passed the proposal responsiveness requirement. Ten of the eleven firms qualified for LBE points, but none of the firms qualified for SBE status. All firms were evaluated on their resources, experience, and approach. On June 17, 2021, the Notification of Final Ranking was posted on Bidding showing the following:

| Rank | Firm | Expertise | Experience | Approach | Cost | LBE | SBE | Total |
|-------------|--------------------|------------------|-------------------|-----------------|-------------|------------|------------|--------------|
| 1 | Jacobs | 31.35 | 26.83 | 13.17 | 10.00 | 5.00 | 0.00 | 86.35 |
| 2 | CDM Smith | 31.60 | 27.83 | 14.17 | 6.93 | 5.00 | 0.00 | 85.53 |
| 3 | HDR | 32.42 | 28.17 | 13.16 | 6.32 | 5.00 | 0.00 | 85.07 |
| 4 | Brown and Caldwell | 31.62 | 28.50 | 13.00 | 6.53 | 5.00 | 0.00 | 84.65 |
| 5 | Black & Veatch | 31.50 | 27.67 | 13.33 | 6.81 | 5.00 | 0.00 | 84.31 |
| 6 | Parsons | 28.82 | 24.67 | 11.66 | 9.80 | 5.00 | 0.00 | 79.95 |
| 7 | Kennedy/Jenks | 29.27 | 23.25 | 11.33 | 5.57 | 5.00 | 0.00 | 74.42 |
| 8 | Hazen & Sawyer | 27.83 | 23.92 | 10.67 | 6.87 | 5.00 | 0.00 | 74.29 |
| 9 | GHD | 25.85 | 23.67 | 12.16 | 6.54 | 5.00 | 0.00 | 73.22 |
| 10 | AECOM | 26.43 | 23.67 | 10.33 | 7.48 | 5.00 | 0.00 | 72.91 |
| 11 | Carollo | 27.60 | 26.33 | 12.50 | 6.12 | 0.00 | 0.00 | 72.55 |

Staff recommends awarding a master consultant agreement, in an amount not to exceed \$7,000,000 and a duration through December 31, 2028, to each of the top five ranked firms. The overall scores of the top five ranked firms were within two points of each other, indicating that they are very comparable and represent some of the best consultants in the wastewater engineering industry.

Professional services to be provided under these master agreements may include, but are not limited to: preliminary engineering analysis, studies and field investigations, condition assessments of existing infrastructure and equipment, planning and detailed design of wastewater-related projects, engineering support during bidding, engineering services during

construction, start-up and commissioning services, peer review consultation, engineering studies, and other miscellaneous engineering services.

Assignment of service orders will be made on a rotational basis for the five master agreements, with the first service order to be issued to the top ranked firm. In each instance, staff will negotiate the scope of work, deliverables, schedule, and cost with the selected firm. In the event negotiations are unsuccessful, staff may negotiate with the next highest ranked firm to perform the work. Once selected for a project, the firm will move to the bottom of the rotation. However, the City may elect to issue a service order for urgent work or other special circumstances (e.g., certain expertise, familiarity of previous project, staff availability, etc.) to a firm outside of the rotation schedule. Having multiple firms available will enable staff to issue a service order to the firm most able to complement staff expertise in a specific technical discipline, ensuring the most cost effective and efficient use of staff and consultant resources.

As with most other CIP consulting contracts, the consultants will be compensated based on actual hourly wages (i.e., their direct labor cost) times a multiplier for either “onsite” or “offsite” employees. Multipliers for the top five ranked firms are shown in the table below:

| Firm | Onsite Multiplier | Offsite Multiplier |
|--------------------|--------------------------|---------------------------|
| Jacobs | 2.04 | 2.30 |
| CDM Smith | 2.45 | 3.08 |
| HDR | 2.85 | 3.13 |
| Brown and Caldwell | 2.84 | 3.07 |
| Black & Veatch | 2.42 | 3.13 |

The multipliers will not change during the term of the master agreement. The multipliers are based on an independent auditor's financial report, and in addition to the firms' direct labor cost, the respective multipliers cover all of the firms' overhead (e.g., fringe benefits, payroll taxes, group insurance, building/rental expenses, etc.), associated project cost (e.g., computer equipment, network and telecommunications expenses, routine printing and copying, etc.), and profit limited to ten percent (10%) under the master agreement. The master agreements also allow the firms to receive compensation for pre-approved subconsultants and contract personnel, as well as certain reimbursable expenses.

CONCLUSION

Based on staff's evaluation of the SOQs, staff recommends awarding master consultant agreements to Jacobs, CDM Smith, HDR, Brown and Caldwell, and Black & Veatch.

EVALUATION AND FOLLOW-UP

No additional follow up action with the Council is expected at this time. All service orders issued under these agreements greater than \$100,000 will be reported to Treatment Plant Advisory Committee (TPAC) on the monthly summary of procurement and contract activity. Quarterly progress reports of the RWF CIP will be submitted to 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.

POLICY ALTERNATIVES

Alternative 1: Direct City staff to provide the required services with in-house resources.

Pros: Increased work options for City staff.

Cons: Lack of existing capacity and technical expertise may result in significant delays and increased project costs.

Reason for not recommending: The lack of experienced staff resources in the varied engineering disciplines required would increase project delivery risks.

Alternative 2: Direct City staff to issue RFQs for individual projects.

Pros: Issuing RFQs for individual projects could result in more competition and more proposals received, which will provide the City with a selective advantage.

Cons: Issuing RFQs for individual small projects will result in delayed timelines on project implementation as the process for each contract award could take six to nine months. This will result in significant contract process burden on engineering staff and translate into substantive additional staffing costs.

Reason for not recommending: With a significantly expanded CIP for the RWF, individual RFQs are not an efficient means for delivering small projects or supplementing major capital projects. With existing staff resources, this would divert staff away from design development and implementation to contract processing.

PUBLIC OUTREACH

In February 2021, staff held a vendor open house for contractors and consultants to share information on upcoming procurement opportunities, including the RFQ for these agreements. This memorandum is scheduled to be heard at the September 9, 2021 TPAC meeting and will be posted to the City's website on the September 21, 2021 City Council Agenda.

COORDINATION

This memorandum has been coordinated with the Finance Department, the City Manager's Budget Office, and the City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

This item is scheduled to be heard at the September 9, 2021 TPAC meeting. A supplemental memo with the committee's recommendation will be included in the amended September 21, 2021 City Council meeting agenda.

FISCAL/POLICY ALIGNMENT

This project is consistent with the 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 vital core services.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION: \$35,000,000

| | |
|---------------------------------------|--------------------|
| Jacobs Engineering Group | \$7,000,000 |
| CDM Smith, Inc | \$7,000,000 |
| HDR Engineering Inc | \$7,000,000 |
| Brown and Caldwell | \$7,000,000 |
| <u>Black & Veatch Corporation</u> | <u>\$7,000,000</u> |
| TOTAL | \$35,000,000 |
2. COST ELEMENTS OF AGREEMENT/CONTRACT: The consultant's services are reimbursed on actual hourly wages times a multiplier, which is based on an independent auditor's financial report and will not change during the term of the master agreement. The firms are also compensated for pre-approved subconsultants and contract personnel, as well as certain reimbursable expenses.
3. SOURCE OF FUNDING: 512 - San José/Santa Clara Treatment Plant Capital Fund.
4. FISCAL IMPACT: This Project is funded through the San José-Santa Clara Treatment Plant Capital Fund and will have no impact on the San José/Santa Clara Treatment Plant Operating Fund (Fund 513) or the General Fund.

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5. PROJECT COST ALLOCATION: The cost for consultant services performed for a project will be allocated per the allocations of that project in accordance with the recommendations set forth in the Capital Project Cost Allocations Technical Memo (Carollo Engineers, March 2016)

BUDGET REFERENCE

Services performed by the Consultants under these agreements will be authorized by service orders. An appropriation is not required for execution of these master consultant agreements, but is required for each service order authorized under these agreements. Future funding is subject to appropriation and, if needed, will be included in the development of future year budgets during the annual budget process.

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment. The projects that will be assigned to general engineering consultants will have undergone CEQA approval on a project-by-project basis.

/s/

KERRIE ROMANOW

Director, Environmental Services

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