



File #: 14-0264, Version: 1

REPORT TO COUNCIL

SUBJECT

Award of Contract for Program Management and Related Services for the Reconstruction of the Water Pollution Control Plant (F14-05)

REPORT IN BRIEF

Approval is requested to award a three-year contract to CDM Smith of Walnut Creek for Program Management Services related to the reconstruction of the Water Pollution Control Plant (Plant or WPCP) as detailed below. Contract costs will be \$6,166,807 for core program management services and up to \$2,480,000 for additional reconstruction program tasks for a total not-to-exceed contract value of \$8,646,807. Approval is also requested for a 5% contract contingency on the core services in the amount of \$308,340. Total expenses for the first three years of the program will not exceed \$8,955,147.

Overall services under this contract include quality assurance of design work products; oversight of new construction; records management; financial and schedule oversight; regulatory and environmental operational compliance; public outreach program implementation; coordination of simultaneous plant programs, new facilities commissioning; and automation and controls systems integration.

The contract is recommended for an initial three-year period. Consultant performance will be assessed in year two of the contract, at which time staff will either recommend Council approval for a contract extension or conduct a new competitive proposal process. Given the scope and duration of the reconstruction program, services provided under this or subsequent program management contracts may last 10 years or longer. It is also likely that contract scope and/or pricing modifications will be necessary as major wastewater process decisions are finalized and the entire reconstruction program is fully defined over the next several years.

BACKGROUND

The Water Pollution Control Plant (WPCP) was initially constructed in the 1950s, and with additions over the years it has grown to a tertiary treatment facility that receives an average dry weather flow of 14 million gallons per day. An asset condition assessment in 2006 identified several key plant structures as at-risk and in need of rehabilitation. Following the condition assessment, the City initiated several design and construction projects for improvements, including the rehabilitation of all four of the WPCP's digesters, sediment removal from the oxidation ponds, and improvements to the four Air Flotation Tanks (AFTs).

The City also completed a Strategic Infrastructure Plan (SIP) to evaluate reconstruction options. This was followed by a peer review to substantiate the SIP's conclusions. Council considered the conclusions of the SIP and peer review in May 2011 and again at a strategic planning workshop in

February 2012. At the workshop, Council direction was to proceed with a plan that consisted of reconstructing the plant with new treatment processes.

A Request for Proposals (RFP) for program management services was initially issued in April 2012. As the due diligence phase progressed with the top-ranked proposer, staff discovered that the firm had unresolved payment and related issues with another agency contract similar to the services required for the City's project. Given the critical nature of the project and the importance of the program manager role, and that only three proposals were received, staff recommended that Council reject all proposals, which occurred on September 11, 2012 (RTC No. 12-209). This provided staff the opportunity to reevaluate the procurement scope, strategy, and sequencing such that the decision was made to combine both the master planning and primary treatment facility design into one RFP as the first significant step in the WPCP reconstruction program. Subsequently in May 2013, Council awarded a six-year contract not-to-exceed \$13,683,305 to Carollo Engineers of Walnut Creek for plant reconstruction services related to the master planning and primary treatment facility design (RTC No. 13-108).

The next major phase of the project is the selection of a consultant team for the program management services necessary to oversee a reconstruction program of this magnitude. Council approval of the recommended contract award to CDM Smith will allow this phase to proceed.

ENVIRONMENTAL REVIEW

This award for professional services is not a project as defined in Section 15378 of the California Environmental Quality Act (CEQA).

DISCUSSION

Request for Proposals No.F14-05 for Program Management Services for a New Water Pollution Control Plant was issued on August 22, 2013. The RFP was directly distributed to 20 wastewater engineering firms, posted on the Onvia Demandstar public procurement network, and published on the City's website. Forty-eight firms requested the RFP documents. Proposals were publicly received on September 25, 2013. Proposals were received from four consultant teams as follows:

Erler & Kalinowski, Inc./Stantec	\$4,230,000
PMA Consultants, LLC	\$7,438,096
CDM Smith/Black & Veatch	\$7,673,952
CH2MHill	\$4,981,561

Given the size and complexity of the reconstruction program, the level of effort proposed by the consultants (based on each team's relative understanding of a large project scope at the beginning of the program), and the fact that the master plan and primary treatment facility design are not complete, it is not surprising that a wide range of pricing was submitted. Accordingly, proposals contained qualified responses regarding additional costs to be determined at a later date. Based upon these factors, the initial submitted pricing cannot be evaluated on an "apples-to-apples" basis.

An evaluation team composed of Public Works and Environmental Services Department staff reviewed and ranked the written proposals based on adherence to the RFP requirements, qualifications and experience (including business organization, proposed program management team, subconsultants, proposer's experience and references) and programmatic approach (including program overview and detailed programmatic approach and demonstrated timeliness). Following the

ranking of the written proposals, the top three firms were invited to interview with the evaluation team. At the conclusion of the interview process, the evaluation team unanimously selected the CDM Smith/Black & Veatch team as the top-ranked proposer. Contract scope and pricing discussions then commenced, resulting in costs for the primary program management services being reduced from \$7,673,952 to \$6,166,807. These core tasks are fundamental to reconstruction program management and include those services that staff can reasonably quantify over the next three years at the current stage of program development. They include:

- Coordination and oversight for the primary treatment facility design
- Program controls development/management, including estimating, scheduling, and information systems/records management
- Regulatory compliance oversight
- Public outreach support
- Overall program coordination
- Commissioning of the hypochlorite disinfection system
- Automation and control systems integration during the master planning phase

The detailed scope of work associated with these services can be found in Exhibit A of Attachment 1 (Scope of Work).

In addition to the core services, there are a number of reconstruction program tasks that will likely require the assistance of the Program Management Consultant (PMC) team, but cannot be fully quantified at this stage of the program. These include:

- Design management and construction oversight for necessary repairs to the primary, secondary and tertiary treatment processes to maintain functionality during the renovation program's initial phases
- Assisting with technical design issues that may arise during master planning, design or construction processes
- Commissioning and automation/controls for the new primary treatment facility and gap projects
- Construction management oversight
- Additional services for regulatory/environmental compliance coordination, public outreach support and scheduling/information systems/records management

Work associated with these services will not exceed \$2,480,000. Individual tasks will be negotiated and executed by the City Manager or his/her designee on an as-needed basis and documented through the issuance of task orders. Descriptions and expenditure estimates are contained in Exhibit B-1 of Attachment 1.

FISCAL IMPACT

The Wastewater Management Fund long-term financial plan includes several projects related to the renovation of the WPCP. Funds for the base level of Program Management Services provided through this contract are included in capital project 830240 - WPCP Program Management Services. Funds for the Additional Reconstruction Program Tasks will be covered by project 830240 as well as the other related capital projects as appropriate. It is important to note that due to the size of the

overall reconstruction program, the Wastewater Management Fund long-term financial plan includes significant rate increases that will finance the costs of this capital project through the issuance of municipal revenue bonds.

Total contract costs are as follows:

Program Management Services (Core)	\$6,166,807
Additional Reconstruction Program Tasks	\$2,480,000
Project Contingency (5%)	<u>\$308,340</u>
Total Cost	\$8,955,147

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

RECOMMENDATION

1. Award a contract, in substantially the same format as the attached draft and in an amount not to exceed \$6,166,807, to CDM Smith for Program Management Core Services, and authorize the City Manager to execute the contract when all the necessary conditions have been met;
2. Approve an amount not-to-exceed \$2,480,000 for Additional Reconstruction Program Tasks; and
3. Approve a 5% project contingency in the amount of \$308,340.

Prepared by: Pete Gonda, Purchasing Officer

Reviewed by: Grace Leung, Director, Finance

Reviewed by: John Stufflebean, Director, Environmental Services

Reviewed by: Kent Steffens, Director, Public Works

Approved by: Robert A. Walker, Interim City Manager

ATTACHMENTS

1. Draft Consultant Services Agreement and Associated Exhibits