



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Award of Bid No. PW15-01 for Hypochlorite Conversion and Continuous Recycled Water Production Facilities Project, and Finding of CEQA Categorical Exemption

REPORT IN BRIEF

Approval is requested to award a construction contract in the amount of \$4,212,000 to Anderson Pacific Engineering Construction, Inc. of Santa Clara for the Hypochlorite Conversion and Continuous Recycled Water Production Facilities Project (Public Works Project No. UY-12/09-15). Approval is also requested for a 15% construction contingency in the amount of \$631,800.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) determination for this project is a categorical exemption pursuant to Class 1, Section 15301. Class 1 exemptions include repair, maintenance and minor alterations of existing public facilities involving negligible or no expansion of use.

BACKGROUND AND DISCUSSION

The final treatment process at the Water Pollution Control Plant (WPCP) currently disinfects wastewater using gaseous chlorine, as does the recycled water production process. Gaseous chlorine has been in use at the WPCP for decades and was historically the disinfectant of choice due to its effectiveness and low cost. However, gaseous chlorine is a very dangerous chemical and as a result many treatment plants are eliminating its use in favor of liquid chlorine (technically sodium hypochlorite or bleach). This product is much less dangerous and therefore reduces the potential hazards to plant workers and the surrounding community. Additionally, it has become increasingly difficult to competitively bid gaseous chlorine due to liability concerns and regulatory issues related to the production and distribution of this material, resulting in all of the City potential suppliers having moved their production facilities out of state.

Capital Project 829430 (WPCP Chlorine Conversion) will provide for the construction of a new disinfection system, and also allows for the demolition and removal of the old gaseous chlorine containers and associated process equipment, which will ultimately reduce risk and improve safety at the WPCP.

Council awarded the design contract for this project to HDR Engineering, Inc. of Cupertino on February 26, 2013 (RTC No. 13-048). While the project was undergoing detailed design, the Environmental Services Department received Council approval (Report to Council No. 14-0593, awarded July 15, 2014) to submit a concept proposal, in partnership with the Santa Clara Valley Water District (SCVWD), for a California Department of Water Resources (DWR) grant solicitation in the amount of \$4 million to help fund the Continuous Recycled Water Production and Wolfe Road Pipeline Project. That project was approved for inclusion in a regional grant application proposal

being prepared by the Bay Area Integrated Regional Water Management Plan (IRWMP), with a high chance of being funded by the DWR using Proposition 84 monies. Following approval of the grant application, Council then authorized an amendment to the HDR contract on July 29, 2014 (RTC No.14-0692) in order to add the design services for Continuous Recycled Water Production Improvements at the WPCP.

The scope of work being bid for construction includes not only a new liquid chlorine disinfection system (and demo of the old system), but the installation of additional valves, meters, mixing pumps and piping at the facility to isolate and operate one air flotation tank, one dual media filter and one chlorine contact for the sole purpose of producing recycled water. This will allow recycled water to be produced on a continuous basis simultaneously with waste water being treated for Bay discharge, which the WPCP currently cannot do. Current operations support either Bay discharge or recycled water production, but not both at the same time. Construction of this project will allow for increased production of recycled water for increasing demands.

This project was bid as follows;

Bid Notice: Advertised in The Sun on February 20, 2015;
 Provided to 18 Bay Area Builder's Exchanges;
 Posted on Onvia Demandstar public procurement network; and
 Published on the City's website.

Bid Response: 24 contractors requested bid documents.

Bid Results: Sealed Bids were publicly opened on March 18, 2015;
 Five responsive bids were received.

The lowest responsive and responsible bid was from Anderson Pacific Engineering construction, Inc. of Santa Clara, in the amount of \$4,212,000. The bid submitted by Anderson is more than \$700,000 lower than the second lowest bid and is considerably lower than the engineer's estimate of \$5,490,000. The highest bid submitted was approximately \$5.7 million. For these reasons, a 15% construction contingency in the amount of \$631,800 is recommended for this project.

City staff is in the process of finalizing the funding agreement with the DWR. On November 12, 2014, DWR sent a letter to the Association of Bay Area Governments (ABAG) notifying of the grant award to the Bay Area IRWMP, of which this project is a part. DWR and ABAG are currently negotiating the grant award contract language and anticipate it to be finalized in the next few weeks. Following execution of this award, ABAG will enter into individual contracts with each of the responsible agencies for the various projects that are part of the Bay Area IRWMP grant.

FISCAL IMPACT

Project costs are as follows:

Construction	\$4,212,000
Construction contingency (15%)	<u>\$631,800</u>
Total costs	\$4,843,800

The FY 2014/15 Budget includes approximately \$2 million for this project. An additional \$2.5 million is included in the FY 2015/16 Recommended Budget for Council's consideration, along with the anticipation that the City will receive \$1.5 million in grant funding for the recycled water portion of the project, bringing the total project budget to \$6 million. The \$2 million currently appropriated is sufficient to fund the project through this fiscal year for design and the beginning of construction.

Recycled water projects have traditionally been funded by both the Water Supply and Distribution Fund and the Wastewater Management Fund. This is because both systems benefit from the production of recycled water, as it helps with water supply and offsets bay discharge. The recycled water portion of this project is also funded by both funds, with \$1.5 million of the total coming from the Water Fund.

There is some risk in assuming that the grant funds will be received. As noted in the discussion section of this report, the City has been notified that the project has been approved for funding, however negotiations are still continuing on the actual agreement. DWR has stated that costs will be reimbursable retroactively. However, should the grant fall through, an additional \$1.5 million appropriation will be required to complete the project. If this occurs, staff would review existing projects to see if some projects can be delayed. If existing projects cannot be re-prioritized, funds would need to be appropriated from the rate stabilization reserves.

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) Make a finding of CEQA categorical exemption, pursuant to Class 1, Section 15301; 2) Award a contract, in substantially the same format as Attachment 2 and in the amount of \$4,212,000 to Anderson Pacific Engineering Construction, Inc. for the subject project, and authorize the City Manager to execute the contract when all the necessary conditions have been met; and 3) Approve a 15% construction contingency in the amount of \$631,800.

Prepared by: Pete Gonda, Purchasing Officer

Reviewed by: Grace K. Leung Director, Finance

Reviewed by: John Stufflebean, Director, Environmental Services

Reviewed by: Manuel Pineda, Director, Public Works

Reviewed by: Robert A. Walker, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Bid Summary
2. Draft General Construction Contract