



City of Sunnyvale

Agenda Item-No Attachments (PDF)

File #: 15-0431, Version: 1

REPORT TO COUNCIL

SUBJECT

Award of a Contract in the Amount of \$8,051,120 for Water Pollution Control Plant Construction Management Services and Approval of Budget Modification No. 46 (F15-40)

REPORT IN BRIEF

Approval is requested to award an initial five-year contract to The Covello Group, Inc. of Walnut Creek in the amount of \$8,051,120 for Construction Management Services related to the construction of the new Water Pollution Control Plant. Approval is also requested for a 10% contract contingency in the amount of \$805,112, and for Budget Modification No. 46 to create a capital project specifically for this contract by moving funding from existing capital projects associated with the overall reconstruction program.

The initial contract will focus on construction management of the primary treatment facility. As the program more fully evolves over the next several years, and based upon acceptable service and pricing, staff may propose extending this contract, as more fully enumerated below.

EXISTING POLICY

General Plan Policy Goal EM-7 Effective Wastewater Treatment: Continue to operate and maintain the Water Pollution Control plant, using cost effective methods, so that all sewage and industrial wastes generated within the City receive sufficient treatment to meet the effluent discharge and receiving water standards of regulatory agencies.

ENVIRONMENTAL REVIEW

This contract award for construction management services is not a project as defined in Section 15378 of the California Environmental Quality Act (CEQA) because it involves administrative activities.

BACKGROUND AND DISCUSSION

Upon completion of the Water Pollution Control Plant Strategic Infrastructure Plan (SIP), associated peer review and strategic planning workshop, Council's direction was to proceed with a plan for reconstructing the Water Pollution Control Plant (Plant) with new treatment processes. The SIP also included moving forward with a master plan, a new primary treatment facility, and hiring consultant teams for program management and construction management.

In May, 2013, Carollo Engineers was selected to perform services related to master planning and the design of the new Primary Treatment Facility project (RTC No. 13-108); and in April of 2014 CDM Smith was selected to perform program management services (RTC No. 14-0264). The next step is to hire a professional firm to provide construction management (including biddability/constructability reviews, inspection services, and schedule/cost management) for the Plant reconstruction program.

The first project under this program that will require construction management services is the Primary Treatment Facility.

The Primary Treatment Facility project replaces existing, aging facilities at the Plant, including replacement of the headworks facility, primary treatment facilities, switchgear building, standby generator, and heat recovery system at the power generation facility. Access roads and fencing are also being altered or replaced, and sludge dewatering is being relocated within the WPCP site. These replacements are needed in order to update seismically-deficient facilities, and comply with permit requirements. A stormwater channel along the southeastern perimeter of the Plant is being filled and replaced with a box culvert or pipe to accommodate proposed facilities and access roads. The proposed facilities will operate in a similar fashion as the existing facilities and will be designed and constructed in three separate bid packages:

- Bid Package 1 - This preparation package will clear the site, install a new drainage system, resolve any utility conflicts, and grade the site.
- Bid Package 2 - The construction package will include building concrete tanks, installing pumps, electrical systems, automation systems and controls.
- Bid Package 3 - The final package is for the demolition of the old primary treatment facility, which will clear the way for future reconstruction projects.

Request for Proposals (RFP) for the selection of a construction management firm was prepared by Public Works, Environmental Services, and Purchasing staff. The RFP was structured to evaluate qualifications for the duration of the reconstruction program, with pricing requested only for the first five years, which mainly includes the three bid packages referenced above. RFP No.F15-40 was directly distributed to thirteen (13) Bay Area construction management companies and posted on the Demandstar public procurement network. Thirty five (35) firms requested the RFP documents. Proposals were received on January 15, 2015. Three responsive proposals were received as follows:

Black & Veatch (in association with CDM Smith), of Walnut Creek
Harris & Associates, of Concord
The Covello Group, Inc. (in association with Psomas), of Walnut Creek

Evaluation of the written proposals was conducted using the qualifications-based process (QBS) required by State law without regard to pricing, which was submitted in separately-sealed proposals. The proposals were reviewed by an evaluation team consisting of Public Works and Environmental Services staff, including executive staff, and evaluated on demonstrated qualifications, experience, and programmatic approach. All three firms were also invited to interview with the evaluation team. During the scheduling of the consultant interviews, Harris & Associates contacted the City to say one of their key team members had left the company and asked to be removed from further consideration for the construction management project. Interviews were conducted with the remaining two firms, and The Covello Group was unanimously selected as the highest -ranked proposer.

The Covello Group showed the greatest depth of experience relating to the construction of wastewater treatment plants, including various projects from at least eighteen jurisdictions in the Bay Area. The team put together for the various construction disciplines (electrical, automation, etc.) presented the highest level of qualifications from among the submitting firms. The Covello team also demonstrated extensive experience coordinating work with local permitting agencies and utility

companies. Subsequent scoping meetings and contract negotiations reduced the proposal fees from \$8,750,086 to \$8,051,120. It should be noted that Covello's price proposal was the lowest cost submitted, with the other proposals ranging from approximately \$9.2M to \$11.7M depending on a number of factors such as annual escalation, optional services, etc.

It should also be noted that Covello has been selected as the Construction Management team for the entire Plant reconstruction program, which could take fifteen years to complete. The proposed contract has a duration of approximately five years, the timeframe estimated to complete the first three bid packages to construct the Primary Treatment Facility (the project schedule targets completion in August 2020). As the program scope and associated costs become more fully defined over the next several years, and if pricing and service remain acceptable, it is anticipated that amendments to this contract will be necessary to add scope, cost and extend the term.

FISCAL IMPACT

Construction Management Service costs are as follows:

Bid Package 1 (Site Prep)	\$1,345,514
Bid Package 2 (Construction)	\$6,357,152
Bid Package 3 (Demo of Old Facility)	\$348,454
Contract contingency (10%)	<u>\$805,112</u>
Total Cost	\$8,856,232

The FY 2014/15 Adopted Budget includes a placeholder project for the renovation of the Plant. The intent in managing the funding for this program is to carve out budget from the placeholder as individual phases of the renovation become fully defined. To date, this has been done through the regular budget process for the master planning project, the primary treatment facilities project, and for program management services.

Budget Modification No. 46 has been prepared to appropriate the funding needed in the current year to begin construction management services. The remaining costs will be arrayed over the next five to six years, keeping the net impact neutral by making a corresponding reduction to the placeholder project. As this report is being considered after the delivery of the FY 2015/16 Recommended Budget, the remaining cost of the contract for the next several years will be budgeted into the new project as part of the FY 2015/16 Budget presented to Council on June 23rd for adoption.

Budget Modification No. 46 FY 2014/15

	Current	Increase/ (Decrease)	Revised
<u>Wastewater Management</u>			
<u>Fund</u>			
Expenditures			
New Project - WPCP	\$0	\$95,130	\$95,130
Construction Management			

Project 827090 - Construction of a New Water Pollution Control Plant	\$529,868	(\$95,130)	\$434,738
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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.

STAFF RECOMMENDATION

1) Award a contract, in substantially the same format as Attachment 1 to the report and in the amount of \$8,051,120, to The Covello Group, Inc. for the subject project, and authorize the City Manager to execute the contract when all the necessary conditions have been met, 2) Approve a 10% contract contingency in the amount of \$805,112 for the project, and 3) Approve Budget Modification No. 46.

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

ATTACHMENT

1. Draft Consultant Services Agreement