



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** April 29, 2014

**TO:** Mayor and Councilmembers

**FROM:** Engineering Division, Public Works Department

**SUBJECT:** Contract For Construction Of Tertiary Filtration Plant Replacement Project

**RECOMMENDATION:** That Council:

- A. Appropriate \$3,116,748 from Water Fund reserves to the Water Capital Fund to construct the Tertiary Filtration Plant Replacement Project;
- B. Reject the apparent low bid from GSE Construction Co., Inc., for construction of the Tertiary Filtration Plant Replacement Project as non-responsive due to their failure to meet the bid specifications;
- C. Award a contract with Schock Contracting Corporation in their low bid amount of \$8,490,000 for construction of the Tertiary Filtration Plant Replacement Project, Bid No. 3688A, and authorize the Public Works Director to execute the contract and approve expenditures up to \$879,000 to cover any cost increases that may result from contract change orders for extra work and differences between estimated bid quantities and actual quantities measured for payment;
- D. Authorize the Public Works Director to execute a contract with MNS Engineers, Inc., in the amount of \$706,154 for construction management services, and approve expenditures of up to \$70,615.40 for extra services that may result from necessary changes in the scope of work;
- E. Authorize the Public Works Director to execute a contract with CDM Smith, Inc., in the amount of \$491,019 for construction support services, and approve expenditures of up to \$49,101 for extra services that may result from necessary changes in the scope of work; and
- F. Authorize the Public Works Director to execute a contract with Dudek in the amount of \$60,304.40 for environmental monitoring and support services, and approve expenditures of up to \$6,031 for extra services that may result from necessary changes in the scope of work.

### EXECUTIVE SUMMARY:

Four bids were received for the Tertiary Filtration Plant Replacement Project (Project). Staff recommends that Council reject the apparent low bid of GSE Construction Co, Inc

(GSE) as non-responsive and award a contract to the next lowest bidder, Schock Contracting Corporation (Schock) for construction of the Project. Staff also recommends that Council authorize the Public Works Director to enter into contracts with MNS Engineers, Inc. (MNS), CDM Smith Inc. (CDM), and Dudek for professional services during construction and appropriate \$3,265,541 from the Water Fund reserves to the Water Capital Fund to construct the Project.

## **DISCUSSION:**

### **BACKGROUND**

The City's Tertiary Filtration Plant was constructed in 1989 at the El Estero Wastewater Treatment Plant. It was one of the first recycled water facilities in California and was designed to produce approximately four million gallons of recycled water per day, thereby reducing the need for potable water. The Tertiary Filtration Plant has been in operation for over 20 years and is now in need of significant rehabilitation to allow for the effective production of recycled water. In addition, the existing filter plant has operational challenges and maintenance safety concerns that need to be addressed.

On January 24, 2012, Council awarded a contract with CDM for engineering assessment and preliminary design services for the Project. CDM, working with staff, evaluated four filtration technologies and rehabilitation of the existing filter plant. The recommended alternative was Microfiltration/Ultrafiltration (MF/UF), which will provide reliable recycled water quality for users and address the various operation and maintenance issues that currently exist with the Tertiary Filter Plant.

On February 26, 2013, Council awarded a contract with CDM for final design services for the Project. The design was completed and the project was initially put out to bid in November 2013. Bids were received in January 2014, but the City received timely bid protests from the second and third lowest bidders. After analyzing the issues asserted by the protesting contractors, it was apparent that the City's specifications did not have the appropriate statements required by the State's Public Contract Code for sole sourcing City standardized equipment. Therefore, on March 4, 2014, per staff's recommendation, Council rejected the bids for construction and authorized re-bidding the project. Revisions were made to the Project specifications and the Project was promptly re-bid.

### **PROJECT DESCRIPTION**

The scope of work for this project generally consists of demolishing the existing Tertiary Filter Plant and constructing the new MF/UF Filtration Complex, including ancillary facilities for cleaning the membranes and associated chemical systems. In the course of the design, additional work was found to be necessary which included rehabilitation of the recycled water storage reservoir; replacement of the chlorine contact basin pumps, motors and variable frequency drives; reconfiguration of piping and existing chemical storage sites; and improvements to the storm water drainage system.

When the project was recently re-bid, construction sequencing requirements were revised as a means to accelerate the construction schedule. This reduced the overall construction duration by approximately five weeks. In addition, an incentive for early completion was added as a contract provision, which compensates the contractor at a rate of \$1,500 per working day for each day the Project is substantially complete and the City is able to produce recycled water ahead of schedule, with a maximum total incentive of \$30,000. This early completion incentive cost will be paid out of the construction contract change order allowance. If Schock is able to accelerate the work and receive the maximum total incentive, it will reduce overall construction by an additional four weeks, and the project will finish ahead of the original bid schedule. Although the City could pay up to \$30,000 for schedule acceleration, the cost between purchasing water and producing recycled water is approximately \$3,300 per day, thereby reducing the overall cost difference by \$62,400.

## BID PROTEST

On April 3, 2014, four bids were received and opened for the project. GSE was the apparent low bidder. The second apparent low bidder, Schock, filed a timely protest to the City concerning GSE's bid. Schock asserted that GSE's bid should be rejected as non-responsive because GSE did not name a qualified subcontractor for the pile driving work, and GSE does not meet the pile driving experience requirements of the Project specifications which are necessary to self-perform the work. Based on this protest, the City reviewed GSE's bid, the contract specifications, and written communication from both Schock and GSE. After evaluation of all the information available, staff finds GSE's proposal to be non-responsive for failure to meet the bid specifications pertaining to pile driving operations.

The Tertiary Filtration Plant Replacement Project contract specifically requires that bidders be skilled and regularly engaged in the type of work called for under the contract and that evidence of past similar projects be submitted as part of the bid proposal. For this Project, a significant portion of the work requires pile driving. Section 02365 of the contract requires that the contractor "have at least 5 years experience and at least 10 successful installations of the same general type and class of piles" that will be driven pursuant to the specifications. GSE's bid did not list a subcontractor to perform the pile driving work and has asserted that it intends to self-perform the work. Despite the assertion that it intends to self-perform, GSE has not provided any documentation that they have at least 5 years experience and at least 10 successful installations, as required by the contract. Further, failure to meet this particular contract requirement is not minor irregularity that may be waived by the City as it would create an unfair advantage over other bidders. For the foregoing reasons, Staff recommends that Council reject GSE's bid as non-responsive and award the construction contract to Schock, the next lowest bidder.

Please reference the indexed Reading File located in the City Clerk's Office to review the documents pertaining to the bid protest.

## CONTRACT BIDS

A total of four (4) bids were received for the subject work, ranging as follows:

	<b>BIDDER</b>	<b>BID AMOUNT</b>
1.	GSE Construction Co., Inc., Livermore, CA	\$8,010,600*
2.	Schock Contracting Corporation, Santa Barbara, CA	\$8,490,000
3.	Stanek Constructors, Inc., Escondido, CA	\$8,802,000**
4.	Lash Construction, Santa Barbara, CA	\$9,496,000

\*Non-responsive Bid  
\*\*Corrected Bid Amount

The low bid of \$8,010,600, submitted by GSE was determined to be non-responsive to the Project specifications. The second low bid of \$8,490,000, submitted by Schock is an acceptable bid that is responsive to and meets the requirements of the bid specifications. Staff recommends that Council award and authorize the Public Works Director to execute a contract with Schock in the amount of \$8,490,000.

The change order funding recommendation of \$849,000, or 10 percent, is typical for this type of work and size of project. In addition, \$30,000 will be added for the early completion incentive provision, bringing the total change order funding recommendation to \$879,000.

## CONSTRUCTION PHASE CONTRACT SERVICES

Staff recommends that Council authorize the Public Works Director to execute a contract with MNS in the amount of \$706,154 for construction management services, and approve expenditures of up to \$70,615.40 for extra services that may result from necessary changes in the scope of work. The extra services funding recommendation of 10 percent is typical for this scope of work. MNS was selected by a Request for Proposal process and is experienced in this type of work.

Staff recommends that Council authorize the Public Works Director to execute a contract with CDM in the amount of \$491,019 for design support services during construction, and approve expenditures of up to \$49,101 for extra services that may result from necessary changes in the scope of work. The extra services funding recommendation of 10 percent is typical for this scope of work. CDM designed the Project and is experienced in this type of work.

Staff recommends that Council authorize the Public Works Director to execute a contract with Dudek in the amount of \$60,304.40 for environmental monitoring and support services, and approve expenditures of up to \$6,031 for extra services that may result from necessary changes in the scope of work. The extra services funding recommendation of 10 percent is typical for this scope of work. Dudek was selected by a Request for Proposal process to prepare environmental studies for the Project and is experienced in this type of work.

FUNDING

The following summarizes the expenditures recommended in this report:

**CONSTRUCTION CONTRACT FUNDING SUMMARY**

	<b>Basic Contract</b>	<b>Change Funds</b>	<b>Total</b>
Schock	\$8,490,000	\$879,000	<b>\$9,369,000.00</b>
MNS	\$706,154	\$70,615.40	<b>\$776,769.40</b>
CDM	\$491,019	\$49,101	<b>\$540,120.00</b>
Dudek	\$60,304.40	\$6,031	<b>\$66,335.40</b>
<b>TOTAL RECOMMENDED AUTHORIZATION</b>			<b>\$10,752,224.80</b>

The following summarizes all Project design costs, construction contract funding, and other Project costs:

**ESTIMATED TOTAL PROJECT COST**

*\*Cents have been rounded to the nearest dollar in this table.*

Assessment and Preliminary Design (by Contract)	\$494,755
<b>Subtotal</b>	<b>\$494,755</b>
Final Design (by Contract)	\$816,646
Environmental Studies (by Contract)	\$11,700
City Staff Costs (Project Management, Survey, Environmental)	\$99,500
<b>Subtotal</b>	<b>\$927,846</b>
Construction Contract	\$8,490,000
Construction Change Order Allowance	\$879,000
<b>Subtotal</b>	<b>\$9,369,000</b>
Construction Management/Inspection (by Contract)	\$776,769
Construction Support Services (by Contract)	\$540,120
Environmental Monitoring and Support Services (by Contract)	\$66,335
Other Construction Costs (permits)	\$10,256
Construction Management/Inspection (by City Staff)	\$153,061
<b>Subtotal</b>	<b>\$1,546,541</b>
<b>TOTAL PROJECT COST</b>	<b>\$12,338,142*</b>

This project is funded by the Water and Wastewater Funds. Existing appropriations for the project total \$7,798,793 for construction costs. The total authority needed is \$10,915,541 to cover construction costs totaling \$10,752,225, plus staff costs totaling \$163,317. Therefore, Staff recommends an additional \$3,116,749 be appropriated from Water Fund reserves to fund the difference between existing appropriations and the total needed for construction. There are adequate reserves to cover this expense.

**SUSTAINABILITY IMPACT:**

Recycled water is an important part of our water supply that helps sustain our current water supplies and avoid the need to develop new ones. The new Tertiary Filtration Complex was designed to produce up to three million gallons of recycled water per day and should be producing recycled water by summer 2015.

At its meeting on April 14, 2014, the Board of Water Commissioners voted 4-0-0 to concur with staff's recommendation to appropriate money from the Water Fund reserves and construct the Project.

**PREPARED BY:** Pat Kelly, Assistant Public Works Director/City Engineer/  
LA/mh

**SUBMITTED BY:** Rebecca Bjork, Public Works Director

**APPROVED BY:** City Administrator's Office