



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: August 23, 2011

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department
Engineering Division, Public Works Department

SUBJECT: Contract For Construction For The Ortega Groundwater Treatment Plant Rehabilitation And Improvements Project

RECOMMENDATION: That Council:

- A. Reject the bid protest of GSE Construction Co., Inc., and award a contract to PCL Construction, Inc., in their low bid amount of \$5,076,296 for construction of the Ortega Groundwater Treatment Plant Rehabilitation and Improvements Project, Bid No. 3519;
- B. Authorize the Public Works Director to execute the contract with PCL Construction, Inc., and approve expenditures up to \$507,630 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;
- C. Authorize the Public Works Director to execute a contract with Carollo Engineering in the amount of \$418,794 for design support services during construction, and approve expenditures of up to \$41,880 for extra services that may result from necessary changes in the scope of work;
- D. Authorize the Public Works Director to execute a contract with Penfield and Smith in the amount of \$630,576 for construction management services, and approve expenditures of up to \$63,058 for extra services that may result from necessary changes in the scope of work; and
- E. Authorize the Public Works Director to execute a contract with Systems Integrated in the amount of \$725,109.98 for Supervisory Control and Data Acquisition (SCADA) integration services, and approve expenditures of up to \$72,511 for extra services that may result from necessary changes in the scope of work.

EXECUTIVE SUMMARY:

Eleven bids were received for the Ortega Groundwater Treatment Plant Rehabilitation and Improvement Project ("OGTP"). The lowest bidder was PCL Construction, Inc.

(PCL). Staff recommends that Council reject the bid protest of GSE Construction Co., Inc. (GSE) and authorize the Public Works Director to accept the low bid and enter into a contract with PCL. Staff recommends that Council authorize the Public Works Director to enter into contracts with Carollo Engineering (Carollo), Penfield & Smith (P&S), and Systems Integrated (SI) for services during construction.

DISCUSSION:

PROJECT DESCRIPTION

The City's groundwater supplies are an important part of the City's overall water supply. They help meet peak summer water demands and supplement depleted surface water supplies during droughts. Groundwater supplies also serve as an emergency source in the event of catastrophic interruption of the supplies from the Santa Ynez River and State Water Project. Additionally, groundwater supplies could be used to assist the City with complying with stricter drinking water quality regulations that will be in effect by 2012.

The existing Ortega Groundwater Treatment Plant (OGTP) was constructed in the 1970s to treat high levels of naturally occurring iron and manganese in groundwater pumped from the four downtown area wells: Ortega Park, Corporation Yard, Vera Cruz, and City Hall. These wells provide approximately 50% of the City's overall groundwater pumping capacity. The OGTP and four wells played an important water supply role during the drought of the late 1980s. Currently, the OGTP and four downtown wells are in need of significant rehabilitation in order for them to once again become an important part of the City's water supply.

On November 17, 2009, Council awarded the final design contract to Carollo to complete the design for the OGTP and wells to reliably produce and treat up to three million gallons of groundwater per day for the City's distribution system. The scope included refurbishing the existing pressure vessels and storage tanks, and improving the related pumping and collection systems. Rehabilitation work targeted for the wells includes various amounts of well structure improvements and upgrades to existing electrical, piping, and pumping systems.

Because the OGTP Project also addressed upcoming water regulation compliance, it was eligible for funding through a low interest Safe Drinking Water State Revolving Fund loan. Following Council authorization to apply for the loan for the OGTP and Cater Water Treatment Plant Advanced Treatment Project (Ozone Project), the City received a funding agreement for a 20-year, 2.5017% interest loan in the amount of \$29,283,000 for both projects. Approximately \$8.7 million of the loan will fund the OGTP Project.

CONTRACT BIDS

A total of eleven bids were received for the OGTP work, ranging as follows:

	BIDDER	BID AMOUNT
1.	PCL Construction, Inc. – San Marcos, CA	\$5,076,296
2.	Tierra Contracting, Inc. – Goleta, CA	\$5,176,027
3.	Cushman Contracting Corp. – Goleta, CA	\$5,304,000
4.	Tri-Technic/R.E. Smith – Sonora, CA	\$5,328,000
5.	GSE Construction Co., Inc. – Livermore, CA	\$5,385,880
6.	Lash Construction, Inc. – Santa Barbara, CA	\$5,578,280
7.	CW Roen Construction Co. – Danville, CA	\$5,650,000
8.	Spieß Construction Co., Inc. – Santa Maria, CA	\$5,692,700
9.	Nicholas Construction, Inc. – Shafter, CA	\$5,829,468
10.	MallCraft, Inc. – Pasadena, CA	\$6,314,175
11.	Specialty Construction, Inc. – San Luis Obispo, CA	\$6,461,680

The low bid of \$5,076,292, submitted by PCL, is an acceptable bid that is responsive to and meets the requirements of the bid specifications.

Staff recommends that Council reject the bid protest of GSE, as discussed below.

Staff recommends that Council award and authorize the Public Works Director to execute a contract with PCL in the amount of \$5,076,296 and approve expenditures up to \$507,630 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. The change order funding recommendation of \$507,630, or 10%, is typical for this type of work and size of project.

BID PROTEST

The fifth apparent lowest bidder, GSE, asserted a timely protest to the City concerning the PCL bid.

GSE asserts that the PCL bid should be rejected as non-responsive because of PCL's failure to submit a Certificate of Authority for the payment bond for the project. The Certificate of Authority notification is listed after the recital of documents that must be provided with the submittal of the bid proposal and is intended to put the contractors on notice that this form will be required upon award of contract when a payment bond is required. Contractors are not required to provide the Certificate of Authority for the payment bond with their bid proposals. In consultation with the City Attorney's Office,

City staff has concluded that PCL's failure to submit this form is not an irregularity, and therefore, the protest has no merit.

Staff provided GSE with its written analysis of the bid protest on August 4, 2011, and invited GSE to provide the City with any additional documents or other information available to GSE to support its bid protest. Staff also informed GSE that it intended to recommend to the City Council rejection of the bid protest and award of the contract to PCL on August 23, 2011 and invited GSE to attend the Council meeting and present additional information. To date, staff has received no response from GSE.

CONSTRUCTION PHASE CONTRACT SERVICES

Staff recommends that Council authorize the Public Works Director to execute a contract with Carollo in the amount of \$418,794 for design support services during construction and approve expenditures of up to \$41,880 for extra services that may result from necessary changes in the scope of work. The extra services funding recommendation of 10% is typical for this scope of work. Carollo designed the OGTP Project and is experienced in this type of work.

Staff recommends that Council authorize the Public Works Director to execute a contract with P&S in the amount of \$630,576, with \$63,058 in extra services for construction management services that may result from necessary changes in the scope of work. The cost of the extra services is 10% and is typical for this scope of work. P&S was selected to provide this service by a Request For Proposal process. P&S staff has participated in construction management services for other City projects and is experienced in this type of work.

Staff recommends that Council authorize the Public Works Director to execute a contract with SI in the amount of \$725,109.98 with \$72,511 in extra services for SCADA integration services that may result from necessary changes in the scope of work. SCADA integration services are a critical aspect of this project, encompassing all necessary software, programming, and hardware necessary to operate and monitor the water treatment process to ensure the highest quality drinking water. Due to the specialization of this work and the need for close interaction with Cater staff, the City chose to enter a separate contract with SI rather than have these services provided under the general contractor, PCL. SI was selected to provide this service by an RFP process which included integrators from the City's pre-qualified list. SI is experienced in this type of work.

COMMUNITY OUTREACH

During the design process, several community outreach meetings were held for the neighboring area to discuss the impact of construction. Neighbors were also notified and participated in the Historic Landmarks Committee process for the OGTP Project. Neighbors will receive notification prior to the start of construction.

FUNDING

On March 15, 2011, Council authorized acceptance of a State Revolving Fund loan in the amount of \$29,283,000 for the OGTP and Ozone Projects and increased the appropriation and revenue by \$29,283,000 in the Water Capital Fund. A portion of these proceeds will fund the OGTP Project.

The following summarizes the expenditures recommended in this report:

CONSTRUCTION CONTRACT FUNDING SUMMARY

	Basic Contract	Change Funds	Total
PCL	\$5,076,296.00	\$507,630.00	\$5,583,926.00
Carollo	\$418,794.00	\$41,880.00	\$460,674.00
P&S	\$630,576.00	\$63,058.00	\$693,634.00
SI	\$725,109.98	\$72,511.00	\$797,620.98
TOTAL RECOMMENDED AUTHORIZATION			\$7,535,854.98

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

ESTIMATED TOTAL PROJECT COST

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

Design (by Contract)	\$778,000
Design Administration (by City Staff)	\$157,132
Subtotal	\$935,132
Construction Contract	\$5,076,296
Construction Change Order Allowance	\$507,630
SCADA Integration (by Contract)	\$797,621
Subtotal	\$6,381,547
Construction Administration and Survey (by City Staff)	\$169,598
Construction Management/Inspection (by Contract)	\$693,634
Design Support during Construction (by Contract)	\$460,674
Subtotal	\$1,323,906
TOTAL PROJECT COST	\$8,640,585

SUSTAINABILITY IMPACT:

The OGTP Project provides a supplemental water source and addresses emergency supply in the event of catastrophic interruption of the supplies from the Santa Ynez River and State Water Project. The OGTP Project will incur increased environmental impacts, including increased truck trips and electrical usage. However, staff has worked closely with the consultant to limit the extent of the impacts.

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SUBMITTED BY: Christine F. Andersen, Public Works Director

APPROVED BY: City Administrator's Office