



Agenda Item No. _____
File Code No. _____

CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

ITEM 6A

AGENDA DATE: TBD

TO: Mayor and Councilmembers

FROM: Engineering Division, Public Works Department

SUBJECT: Contract For Construction Of El Estero Wastewater Treatment Plant Secondary Process Improvements Project

RECOMMENDATION: That Council:

- A. Introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Authorizing the Approval and Execution by the Public Works Director of the First Amendment to the Installment Sale Agreement for the Air Process Improvement Project Clean Water State Revolving Fund, Project No. 7857-110;
- B. Increase estimated revenues and appropriations in the Wastewater State Revolving Fund Installment Sale Agreement Fund in the amount of \$2,438,033, to construct the El Estero Wastewater Treatment Plant Secondary Process Improvements Project, for a total amount of \$31,438,033;
- C. Waive minor bid irregularities and award a contract with Stanek Constructors, Inc., in their low bid amount of \$21,710,000 for construction of the El Estero Wastewater Treatment Plant Secondary Process Improvements Project, Bid No. 3737; and authorize the Public Works Director to execute the contract and approve expenditures up to \$2,171,000 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 \$2,490,300 for construction management services, and approve expenditures of up to \$249,030 for extra services of MNS Engineers, Inc., that may result from necessary changes in the scope of work;
- E. Authorize the Public Works Director to execute a contract with Brown and Caldwell in the amount of \$1,655,108 for construction support services, and approve expenditures of up to \$165,510 for extra services of Brown and Caldwell 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 \$62,211.16 for environmental monitoring and support services, and approve expenditures of up to \$6,221 for extra services of Dudek that may result from necessary changes in the scope of work.

EXECUTIVE SUMMARY:

The El Estero Wastewater Treatment Plant (El Estero) has had longstanding issues with its secondary treatment process. Over the past few years, Brown and Caldwell (BC), through a competitive process, was selected and awarded contracts to evaluate and develop recommendations to improve the secondary treatment process, prepare preliminary design reports (PDR) and, most recently, provide final design services for the Secondary Process Improvements Project (Project). A State Revolving Fund (SRF) installment sale agreement has been executed and will be used to finance design and construction of this Project.

Five bids were received for the Project. Staff recommends that Council waive minor bid irregularities and award a contract to Stanek Constructors, Inc. (Stanek), the lowest bidder for construction of the Project. Staff also recommends that Council authorize the Public Works Director to enter into contracts with MNS Engineers, Inc. (MNS), BC, and Dudek for professional services during the construction phase, and increase estimated revenues and appropriations in the Wastewater State Revolving Fund Loan Fund in the amount of \$2,438,033, for a total amount of \$31,438,033.

DISCUSSION:

Background

El Estero processes approximately six million gallons of wastewater each day. El Estero was originally constructed in 1952; however, a majority of its current infrastructure was constructed in 1978 to meet 1972 Clean Water Act requirements. El Estero was originally designed to provide a high-rate activated sludge treatment system. While this system provides suitable secondary effluent quality to meet all regulatory requirements, the final effluent still has a higher level of turbidity than is desired for subsequent use in tertiary treatment or future advance water treatment projects.

Although subsequent capital improvements have been consistently made in past years to maintain treatment quality, El Estero has had longstanding issues with highly variable secondary effluent quality, operational inflexibility, and energy inefficiency. On June 29, 2010, Council awarded a contract to BC to prepare an Assessment Report to evaluate and develop recommendations to improve the secondary treatment process at El Estero. BC, working with staff, evaluated several alternative operational approaches for improving the secondary treatment process, which resulted in staff's recommendation to pursue the Project.

On October 11, 2011, Council awarded a contract to BC to prepare a Preliminary Design Report (PDR) for the Project, and subsequently awarded a contract for a second phase PDR on January 15, 2013. Combined, these two PDRs formed the basis for final design.

On September 9, 2014, Council awarded a contract to BC for Phase I of the final design for the Project. At that time, the City had initiated an application for a SRF loan to finance design and construction of this Project, and anticipated an executed agreement with the

State of California within a few months. The SRF agreement was later executed, and Phase 2 of the final design was awarded to BC on December 16, 2014.

Project Description

The work consists of modifications to El Estero's secondary treatment process to a nitrification/denitrification system, upgrades to the existing aeration and secondary clarifier sludge withdrawal systems, and implementation of nitrate return to address odor control issues and clarifier performance issues.

The nitrification/denitrification process will produce a more stable secondary effluent, create higher-quality process water for subsequent production of recycled water, and will yield a higher quality of treated effluent discharge into the Pacific Ocean.

Contract Bids

A total of five bids were received for the subject work, ranging as follows:

	BIDDER	BID AMOUNT
1.	Stanek Constructors, Inc. Escondido, CA 92029	\$21,710,000
2.	Shimmick Construction Irvine, CA 92618	\$23,885,000
3.	Kiewit Infrastructure West Co. Santa Fe Springs, CA	\$24,940,000
4.	C.W. Roen Construction Co. Danville, CA 94526	\$24,946,000
5.	Cushman Contracting Corporation Goleta, CA 93116	\$27,490,000

The low bid of \$21,710,000, submitted by Stanek, is an acceptable bid that is responsive to and meets the requirements of the bid specifications.

The change order funding recommendation of \$2,171,000, or ten percent, is recommended for this Project due to its complexity.

BID PROTEST

On November 24, 2015, the City received a letter from Shimmick Construction Company, Inc. (Shimmick), protesting the award of the Project to the apparent lowest bidder, Stanek. Shimmick's protest letter alleged that Stanek's bid was non-responsive because Stanek failed to submit a completed Bidder's List in its initial bid package, and incorrectly listed non-Disadvantaged-Business-Enterprise (DBE) subcontractors on Environmental Protection Agency (EPA) Forms 6100-3 and 6100-4. Stanek responded to the protest in writing on December 2, 2015, arguing that the omissions were inconsequential and should be waived by the City. Staff reviewed the items set forth in Shimmick's bid protest and found that the deviations contained in Stanek's bid are minor irregularities that may be waived by the City.

On January 12, 2016, Council rejected the bid protest of Shimmick.

Construction Phase Contract Services

Staff recommends that Council authorize the Public Works Director to execute a contract with MNS in the amount of \$2,490,300, for construction management services, and approve expenditures of up to \$249,030 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 (RFP) process and is experienced in this type of work.

Staff recommends that Council authorize the Public Works Director to execute a contract with BC in the amount of \$1,655,108, for design support services during construction, and approve expenditures of up to \$165,510 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. BC 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 \$62,211.16, for environmental monitoring and support services, and approve expenditures of up to \$6,221, 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 RFP process to prepare environmental studies for the Project and is experienced in this type of work.

Funding

The City has received a SRF Installment Sale Agreement (SRF Agreement) to finance design and construction of this Project. As part of the SRF process, the City adopted several resolutions and one ordinance. Resolution No. 13-009, allowing City reimbursement for certain expenditures made prior to the final approval of the SRF Agreement, was amended by Council on December 8, 2015, from its original \$20 million maximum principal amount to \$35 million.

On September 16, 2014, Council adopted an ordinance authorizing the approval and execution of the SRF Agreement for the Project. The SRF Agreement was for a 20-year loan in the maximum amount of \$20 million, at an interest rate of 1.9 percent. Staff has submitted a Final Budget Approval to the State to amend the SRF Agreement amount based on actual expected costs, rather than budgetary costs that the City provided during the initial SRF process. The City has received and reviewed an amendment to the SRF provided by the State and recommends that Council approve the introduction and subsequent adoption of the Ordinance to amend the SRF Agreement.

Existing revenue and appropriations for the Project total \$29 million for design and construction costs. The total authority needed is \$31,438,033. Therefore, staff recommends increasing the estimated revenues and appropriations in the Wastewater State Revolving Fund Loan Fund by \$2,438,033 to construct the Project.

The following summarizes the expenditures recommended in this report:

CONSTRUCTION CONTRACT FUNDING SUMMARY

	Basic Contract	Change Funds	Total
Stanek	\$21,710,000	\$2,171,000	\$23,881,000
MNS	\$2,490,300	\$249,030	\$2,739,330
BC	\$1,655,108	\$165,510	\$1,820,618
Dudek	\$62,211.16	\$6,221	\$68,432.16
TOTAL RECOMMENDED AUTHORIZATION			\$28,509,380.16

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 Report (by Contract)	\$267,820
Project Administration (by Staff)	\$40,646
Assessment Subtotal	\$308,466
Preliminary Design Report Phase 1 (by Contract)	\$398,886
Preliminary Design Report Phase 2 (by Contract)	\$285,136
Project Administration (by staff)	\$36,194
Environmental Review and Permitting	\$4,475
Preliminary Design Subtotal	\$724,691
Final Design Phase 1 (by Contract)	\$610,508
Final Design Phase 2 (by Contract)	\$867,551
Project Administration (by staff)	\$120,000
Constructability Review (by Contract)	\$34,100
Final Design Subtotal	\$1,632,159
Construction Contract	\$21,710,000
Construction Change Order Allowance	\$2,171,000
<i>Subtotal</i>	\$23,881,000
Construction Management/Inspection (by Contract)	\$2,739,330
Construction Support Services (by Contract)	\$1,820,618
Environmental Monitoring and Support Services (by Contract)	\$68,432
Other Construction Costs (permits)	\$20,000
Construction Management/Inspection (by City staff)	\$243,337
<i>Subtotal</i>	\$4,891,717
Construction Subtotal	\$28,772,717
TOTAL PROJECT COST	\$31,438,033

SUSTAINABILITY IMPACT:

These processes will improve water quality for both recycled water production and treated effluent discharge into the ocean. They will also provide for more energy efficient

equipment at El Estero as the blowers, the number one energy demand for El Estero, will be updated to a more energy-efficient model.

At its meeting on January 21, 2016, the Board of Water Commissioners voted **x-0-0** to concur with staff's recommendation to increase the estimated revenues and appropriations in the Wastewater State Revolving Fund Loan Fund and construct the Project.

PREPARED BY: Linda Sumansky, Principal Civil Engineer/LA/mh

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office