

CITY OF YUBA CITY
STAFF REPORT

Date: October 2, 2018

To: Honorable Mayor & Members of the City Council

From: Public Works Department

Presented by: Mandeep Chohan, Senior Engineer

Summary

Subject: Wastewater Treatment Facility Improvements Project (Award)

Recommendation:

- A. Reject the bid submitted by C. Overaa & Co. of Richmond, CA as non-responsive for failure to meet the mandatory experience requirements.
- B. Award Contract No. 17-09 Wastewater Treatment Facility Improvements Project to Western Water Constructors, Inc. of Santa Rosa, CA in the amount of its bid of \$18,860,167.
- C. Award a Professional Services Agreement to Woodard & Curran of Walnut Creek, CA for Engineering Services during Construction in the amount of \$1,184,030, with the finding that it is in the best interest of the City.
- D. Award a Professional Services Agreement to ArcSine Engineering of Redding, CA in the amount of \$898,976 to provide Control Systems Programming and related services for the Wastewater Treatment Facility Improvements Project, with the finding that it is in the best interest of the City.
- E. Authorize a supplemental appropriation and related transfers in the amount of \$1,121,826.57 from unallocated CIP reserves to Account Nos. 981252 – WWTF Improvements (\$1.0 million), 981177 – Barscreen Rehabilitation (\$30,258.24), and 981195 – Electrical and Instrumentation System Evaluations and Improvements (\$91,568.33).

Fiscal Impact: \$24,715,000 Total Estimated Cost – Account No. 981252 (WWTF Improvements).
 \$23.6 million funded by 2018 Wastewater Revenue Bonds.
 \$1.115 million remainder from Wastewater CIP Fund.
 Financing Terms: 30 year with approximately 3.339% interest.
 Annual debt payment: approximately \$1.3 million.

Purpose:

Construct priority improvements as identified in the rate study for continuous and reliable operation of the Wastewater Treatment Facility.

Background:

The City of Yuba City Wastewater Treatment Facility (WWTF) was originally constructed in 1972. In order to meet the current 10.5 MGD permitted capacity, all process units must be online and operating efficiently. The age of the current facility has created several significant challenges, including:

- Aging equipment and treatment process units that are in need of rehabilitation to extend their useful life.
- Meeting current and future National Pollution Discharge Elimination System (NPDES) permit requirements.

On May 1, 2018, City Council approved the plans and specifications of the Wastewater Treatment Facility Improvements Project (Project), and authorized and directed the Public Works Department to advertise for bids for the Project. Due to the complexity and scope of this critical project, upon staff's recommendation, the Council also adopted a resolution approving minimum project experience requirements for the General Contractor and Electrical Subcontractor for the bid to be considered responsive.

Analysis:

The Project was advertised for bids on June 15, 2018. On July 31, 2018, five (5) bids were received and opened publicly in the City Clerk's office. A summary of bids received and engineer's estimate is listed below.

<u>Company</u>	<u>Bid Amount</u>
C. Overaa & Co.	\$17,792,000
Western Water Constructors, Inc.	\$18,860,167
Gateway Pacific Contractors, Inc.	\$20,221,340
GSE Construction Company Inc.	\$20,598,167
<u>Myers & Sons Construction, LLC</u>	<u>\$21,955,667</u>
<i>Engineer's Estimate</i>	<i>\$17,600,000</i>

Staff reviewed the bid submitted by C. Overaa & Co. (Overaa). Overaa's bid was determined to be non-responsive, as the listed electrical subcontractor in the submitted bid did not meet the City's mandatory minimum experience requirements adopted by the City Council through Resolution No. 18-029.

Western Water Constructors, Inc. (Western Water) filed a bid protest (Bid Protest) against Overaa's bid for not meeting the City's mandatory minimum experience requirements. Overaa submitted a response (Bid Protest Response) to Western Water's bid protest.

Public Works Department staff reviewed the received Bid Documents, Bid Protest and Bid Protest Response. On August 27, 2018, Public Works Department sent a letter of determination called 'Notice of Intent to Reject Non-responsive Bid' (Notice) to Overaa. The purpose of the Notice was to notify Overaa regarding City staff's recommendation to Council to reject Overaa's bid as non-responsive for failure to meet the minimum experience requirements by its listed electrical subcontractor. The Notice further stated that City staff intended to recommend award of the contract to Western Water. Western Water was provided with a copy of the Notice.

Staff reviewed the bid submitted by Western Water. Western Water's bid was determined to be responsive.

A project of this magnitude requires significant Engineering Services during Construction (ESDC) such as responding to requests for information and submittals from the Contractor, as well as assisting City staff and the Construction Manager to construct the project in accordance with the design documents. Staff recommends the award of the Professional Services Agreement for ESDC to Woodard and Curran, the Project design engineer. It is a common practice in the industry for the engineering design firm to also provide the ESDC, as the firm is already highly knowledgeable on the project and its design intent.

Arcsine Engineering designed the Electrical, Instrumentation and Control (E&IC) improvements portion of the project as a sub-consultant to Woodard and Curran. Staff anticipates cost savings through work efficiencies and a quality end-product by selecting ArcSine Engineering to provide Control System Programming and related services. It is common for a project of this magnitude to select the E&IC engineering design firm to provide Control System Programming because of the firm's thorough knowledge about the project and its design intent.

Fiscal Impact:

The estimated total construction cost for the project is \$24,715,000, which includes the items listed below:

Construction Contract	\$18,860,167
Engineering Services during Construction	\$ 1,184,030
Construction Management and Inspection ¹	\$ 1,120,000
Project Administration	\$ 330,000
Control Systems Programming & Integration	\$ 898,976
Owner-purchased Equipment	\$ 200,000
Engineering Design Services ²	\$ 121,827
Project Contingency	\$ 2,000,000
Total*	\$24,715,000

*\$23.6 million is to be funded through 2018 Wastewater Revenue Bonds and the remaining \$1.115 million from the Wastewater CIP Fund.

On August 21, 2018, the City Council (and/or Yuba City Public Financing Authority) approved issuance and sale of 2018 Wastewater Revenue Bonds to fund the Project. The bond financing was closed on September 25, 2018. The financing term is 30 years with an annual interest rate of approximately 3.339% and an annual debt service of approximately \$1.3 million. The current rate structure of the Wastewater Enterprise Fund will be able to pay the debt payments for the project financing and maintain the required debt coverage ratio.

¹ On May 1, 2018, City Council awarded a Professional Services Agreement to ICM Group Inc. of Folsom, CA to provide Construction Management and Inspection Services.

² Previous Engineering Services expenses for the project design completion.

Alternatives:

1. Delay the project.
2. Direct staff to reduce the scope of work and rebid the project.

These alternatives are not recommended because either alternative will restrict the City's ability to complete the critical improvements to the Wastewater Treatment Facility and increase the risk of NPDES permit violations due to the lack of needed improvements.

Recommendation:

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Prepared by:

Submitted by:

/s/ Mandeep S. Chohan

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Senior Engineer

/s/ Steven C. Kroeger

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City Manager

Reviewed by:

Department Head

DL

Finance

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City Attorney

TH via email