



Santa Clara Valley Water District

File No.: 16-0605

Agenda Date: 6/13/2017

Item No.: 3.4.

BOARD AGENDA MEMORANDUM

SUBJECT:

Report of Bids Received, Award of Construction Contract to Farwest Corrosion Control Company for the Installation of Cathodic Protection Rectifiers and Deep-Well Anodes on the Pacheco Conduit Project, Project No. 91214010, Contract No. C0623 (Unincorporated County), (District 1).

RECOMMENDATION:

- A. Ratify Addendum No. 1 to the Contract documents for the Installation of Cathodic Protection Rectifiers and Deep-Well Anodes on the Pacheco Conduit Project;
- B. Waive minor irregularities in Farwest Corrosion Control Company's Bid;
- C. Award the Contract to Farwest Corrosion Control Company, in the sum of \$291,740; and
- D. Approve a contingency sum of \$43,761 and authorize the Interim Chief Executive Officer or designee to approve individual change orders up to the designated amount.

SUMMARY:

The San Felipe System transports raw water from San Luis Reservoir to Santa Clara and San Benito Counties. The District is responsible for the operation and maintenance of the system pursuant to a written agreement with United States Bureau of Reclamation (Reclamation). The Pacheco Conduit is an integral portion of the San Felipe System; it is comprised of 7.9 miles of 120-inch diameter pre-stressed concrete cylinder pipe (PCCP), a material known to be susceptible to corrosion.

Cathodic protection is an electrical means of corrosion control and is a proven method to protect and extend the useful life of pipelines and appurtenances. The Pacheco Conduit was provided with a corrosion monitoring system when it was built in 1985, but not with a cathodic protection system. At that time, pre-construction resistivity testing indicated that the Pacheco Conduit was installed in a relatively non-corrosive environment. However, it has since been learned that corrosion of steel pre-stressed wires of PCCP can be arrested by application of cathodic protection to the pipeline, to reduce the risk of catastrophic failure.

The proposed Project involves the installation of four (4) cathodic protection rectifiers and four (4) deep-well anodes on the Pacheco Conduit. This installation will protect the pre-stressing wire on the

PCCP from further corrosion, extend the useful life of the pipeline, and minimize the potential for unexpected outages, leaks, and catastrophic failures. Completion of the proposed Project will improve the long term reliable delivery of untreated water through the District’s water supply system.

Addendum Ratification

An addendum was issued during the bid period (Attachment 1), to respond to potential bidders’ requests for Bid Document clarifications and/or interpretations. To formally incorporate this addendum into the Contract documents, staff recommends that the Board ratify Addenda No. 1.

Waiver of Minor Irregularities in Farwest Corrosion Control Company’s Bid

Per the Notice to Bidders, paragraph 14, the District reserves its right to reject any and all bid proposals and to waive minor defects or irregularities in any submitted Bid Form(s). Farwest Corrosion Control Company’s (Farwest) Bid contained one minor error.

On Bid Form No. 8, page 1, Small Business Outreach Program: Requirements for Demonstrating a Good Faith Effort, there were inconsistencies between the boxes checked by Farwest indicating which particular good faith efforts they accomplished, and the documents submitted verifying such actions. During the bid validation process, staff determined that Farwest demonstrated suitable Small Business Enterprise (SBE) good faith efforts based on their outreach actions and SBE participation achieved, with respect to the narrow scope of work that will be performed for this Project. As a result, this error can be waived as a minor irregularity, as it does not affect Farwest’s price for the work or their ability to enter into a contract and perform the work.

The District’s waiver of the minor irregularity discussed above does not result in the bid process being unfair, or give the firm an unfair advantage over the other bidders. The error also does not render Farwest’s bid nonresponsive. The public’s best interest is served by waiving this minor irregularity, and awarding a contract to Farwest as the firm submitting the lowest responsive bid.

Contract Award

The results of the four (4) bid proposals received and opened on May 10, 2017, are summarized in Table 1. The Engineer’s estimate is \$385,000. The average of the responsive bid proposals is \$344,391 which is 11% below the Engineer’s estimate. The lowest responsive bid is 24% below the Engineer’s estimate. The Engineer’s Estimate was developed using the average pricing of bids received within the last five years for cathodic protection projects of similar scope. The discrepancy in cost between the Engineer’s estimate and bids received can be attributed to favorable market conditions, creating a competitive bid environment, and resulting in lower than expected bid amounts.

Table 1 - Bid Opening Results

Company / Location	Bid Amount	Award Amount
Farwest Corrosion Control Company / Hayward, CA	\$291,740	\$291,740

Corrpro Companies, Inc./ Hayward, CA	\$349,876	
American Construction and Supply, Inc./ Corte Madera, CA	\$359,522	
Alisto Engineering Group / Walnut Creek, CA	\$381,910	
Engineer's Estimate: \$385,000		

Staff has reviewed the bid proposals and recommends that the Contract for the Project be awarded to Farwest Corrosion Control Company for the following reasons:

1. All bid entries and requirements in the proposal submitted by Farwest Corrosion Control Company are in order;
2. Farwest Corrosion Control Company's license is current, active, and in good standing;
3. Farwest Corrosion Control Company complied with the District's SBE Outreach program and demonstrated Good Faith Effort to generate SBE participation in their Bid; and
4. Farwest Corrosion Control Company is in compliance with the requirements of the California Labor Code §1771.1 because they and their subcontractors are registered with the California Department of Industrial Relations and qualified to perform public works pursuant to Section 1725.5 of the Labor Code.

Construction Contingency Funds

Staff recommends the Board approve a contingency amount of \$43,761 (approximately 15% of the Contract award sum). This will allow staff to quickly address unforeseen or changed site conditions and other unanticipated occurrences, without causing unnecessary delays or consequential costs to the Project. The contingency amount was estimated due to known and unknown risks, such as:

1. Unknown subsurface conditions, such as drilling through hard rock.
2. Unforeseen site conditions that may impact site access and Pacheco Creek crossings.
3. Additional days of excusable inclement weather beyond what has been anticipated in the schedule.
4. Unanticipated protection of special species of concern, which may be necessary to complete the Project.

Approval of individual change orders will be made up to the designated amounts as follows:

1. Engineering Unit Manager: \$5,000

- 2. Deputy Operating Officer (Designated Engineer): \$10,000
- 3. CEO: up to the total amount of the contingency

Outreach to Bidders

The Notice to Bidders was sent to 739 certified Small Business Contractors that have the appropriate license. Twenty (20) SBE and Chambers of Commerce, and twenty-seven (27) plan rooms (Builder Exchanges) and District’s own web site were used to solicit interest in the Project work from prospective Contractors. Five hundred-seventy (570) contractors were contacted through the Building Construction & Trades Council, and 169 contractors were contacted using the District’s own Master Contractor Database.

Public Outreach

The District’s Communications Unit will implement an outreach plan for the Installation of Cathodic Protection Rectifiers and Deep-Well Anodes Project prior to the start of construction. This plan will include the mailing of Project flyers and public information signage with contact information for all public inquiries.

Next Steps

If the Board approves the recommendations, staff will proceed with administering Project Construction.

FINANCIAL IMPACT:

The estimated total Project cost for planning, design, and construction is \$430,501. There are adequate funds in the Adopted FY 2016-17 Project #91214010 budget to encumber the construction cost of \$291,740 and the contingency sum of \$43,761. Pursuant to a written cost sharing agreement with the San Benito County Water District (SBCWD), it is responsible for 22% of the total Project cost.

Table 2 provides a breakdown of the estimated costs of all Project activities.

Table 2 - Estimated Project Costs for Pacheco Conduit Cathodic Protection

Estimated Project Costs	
Project Development, Planning and Design	\$30,000
Construction Contract	\$291,740
Construction Contingency	\$43,761
Construction Management, Inspection, and Ad	\$30,000
Project Close-out and Owner’s Record Drawin	\$5,000

Commissioning	\$30,000
TOTAL	\$430,501

CEQA:

As the lead agency under the California Environmental Quality Act (CEQA), the District certified the Pipeline Maintenance Project (PMP) Environmental Impact Report (EIR) in November 2007. The PMP provides for the maintenance of the District's 14 raw water pipelines and 9 treated water pipelines. Staff has evaluated the potential impacts related to all components of the Project, and determined that the Project is consistent with the activities evaluated in the PMP EIR; hence, regulatory coverage for the Project is identified as a covered activity under the Santa Clara Valley Habitat Plan. No permits are needed from California Department of Fish and Wildlife and the Regional Water Quality Control, since the Project is located outside of the commonly identified riparian corridor. There are no additional analyses needed under CEQA.

In addition, since the Pacheco Conduit is a federal facility owned by Reclamation, it is also subject to National Environmental Policy Act (NEPA) review. Reclamation has prepared a Categorical Exclusion (CE) for the Project, and the CE also includes best management practices (BMPs) that will be applied to the Project.

ATTACHMENTS:

- Attachment 1: Addendum No. 1
- Attachment 2: Map

UNCLASSIFIED MANAGER:

Christopher Hakes, 408-630-3796