



Santa Clara Valley Water District

File No.: 17-0788

Agenda Date: 11/28/2017
Item No.: *3.9.

BOARD AGENDA MEMORANDUM

SUBJECT:

Report of Bids Received, Award of Construction Contract to Alisto Engineering Group, Inc. for the Installation of Cathodic Protection Rectifiers and Deep-Well Anodes on the Santa Clara Conduit Project, Project No. 91214010, Contract No. C0632 (Unincorporated County), (District 1).

RECOMMENDATION:

- A. Ratify Addenda Nos. 1, 2, and 3 to the Contract Documents for the Installation of Cathodic Protection Rectifiers and Deep-Well Anodes on the Santa Clara Conduit Project;
- B. Award the Contract to Alisto Engineering Group, Inc., of Walnut Creek, CA in the sum of \$244,400; and
- C. Approve a contingency sum of \$36,600 (15%) and authorize the 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 Santa Clara Conduit is an integral portion of the San Felipe System; it is comprised of 20 miles of 96-inch diameter pre-stressed concrete cylinder pipe (PCCP), a material known to be susceptible to corrosion.

Cathodic protection is an electrochemical means of corrosion control and is a proven method to protect and extend the useful life of pipelines and appurtenances. The Santa Clara conduit was provided with a corrosion monitoring system when it was built in the 1980's, but not with a cathodic protection system. At that time, pre-construction resistivity testing indicated that the 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 failures.

The proposed Project involves the installation of three (3) cathodic protection impressed current facilities at three separate sites on the Santa Clara Conduit section of the San Felipe pipeline. 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 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

Three addenda were issued during the bid period (Attachment 1), to respond to potential bidders' requests for Bid Document clarifications and/or interpretations. To formally incorporate these addenda into the Contract Documents, staff recommends that the Board ratify Addenda Nos. 1, 2, and 3.

Contract Award

The results of the three (3) bid proposals received and opened on November 8, 2017, are summarized in Table 1.

In 2004 the District elected to implement the Small Business preference provisions of the Public Contract Code (PCC) Section 2002. To qualify for the financial preference, the small business must be certified as such by the California State Department of General Services (DGS). The policy states that only one firm at a time will receive a Small Business preference and the preference will be awarded first to the Micro Business submitting the lowest bid and if none, to the Small Business submitting the lowest bid, and if none, to the non-SBE general contractor, with the highest percent of SBE participation submitting the lowest bid.

Based on the Board's policy, a 5% preference was awarded to Alisto Engineering Group, Inc., a DGS certified SBE. This financial preference makes them the firm submitting the lowest responsive bid.

The Engineer's estimate is \$269,000. The average of the responsive bid proposals is \$248,672 which is 8% below the Engineer's estimate. The lowest responsive bid is 9% 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 bidding environment, and resulting in lower than expected bid amounts.

Table 1 - Bid Opening Results

Company / Location	Bid Amount	Award Amount
Alisto Engineering Group / Walnut Creek, CA	\$232,613	\$244,400
American Construction and Supply, Inc./ Corte Madera, CA	\$235,724	
Farwest Corrosion Control / Hayward, CA	\$265,892.75	
Corrpro Companies, Inc. / Hayward, CA	Non-Responsive	
Engineer's Estimate: \$269,000		

Staff has reviewed the bid proposals and recommends that the Contract for the Project be awarded to Alisto Engineering Group, Inc. for the following reasons:

1. All bid entries and requirements in the proposal submitted Alisto Engineering Group, Inc. are in order;
2. Alisto Engineering Group, Inc's license is current, active, and in good standing;
3. Alisto Engineering Group, Inc. is a DGS Certified SBE; and
4. Alisto Engineering Group, Inc. 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 \$36,660 (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.
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 1092 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 and union representatives were contacted through the Building Construction & Trades Council, and 298 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 \$376,060. There are adequate funds in the Adopted FY 2018 Project 91214010 budget to encumber the construction cost of \$244,400 and the contingency sum of \$36,660. The Project has been included in the FY 18-22 CIP and no budget adjustment is required.

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

**Table 2 - Estimated Project Costs for
Santa Clara Conduit Cathodic Protection**

Estimated Project Costs	
Project Development, Planning and Design	\$30,000
Construction Contract	\$244,400
Construction Contingency	\$36,660
Construction Management, Inspection, and Ad	\$30,000
Project Close-out and Owner's Record Drawing	\$5,000
Commissioning	\$30,000
TOTAL	\$376,060

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 Santa Clara 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: Addenda Nos. 1, 2, and 3.

UNCLASSIFIED MANAGER:

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