



# Santa Clara Valley Water District

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**File No.:** 19-0632

**Agenda Date:** 7/9/2019

**Item No.:** \*5.1.

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## BOARD AGENDA MEMORANDUM

### **SUBJECT:**

Report of Bids Received and Award of Construction Contract to Teichert Construction in the sum of \$55,200,000 for the Upper Llagas Creek Flood Protection Project Phase 1, Project No. 26174052, Contract No. C0645 (Morgan Hill) (District 1).

### **RECOMMENDATION:**

- A. Ratify Addenda Nos. 1, 2, 3, 4, and 5 to the Contract Documents for the Upper Llagas Creek Flood Protection Project, Phase 1;
- B. Award the Contract to Teichert Construction located in Roseville, California, in the sum of \$55,200,000; and
- C. Approve a contingency sum of \$8,280,000 and authorize the Chief Executive Officer (CEO) or designee to approve individual change orders up to the designated amount.

### **SUMMARY:**

Board approval of these recommendations will allow Phase 1 of the Upper Llagas Creek Flood Protection Project to be constructed. If the construction Contract is awarded, it will create and sustain approximately 400-800 jobs for the community.

### ***Project Background***

Santa Clara Valley Water District (Valley Water) is undertaking the Upper Llagas Creek Flood Protection Project (Project) in partnership with the U.S. Army Corps of Engineers (USACE) and the City of Morgan Hill (City) to provide 1% flood protection to approximately 1,100 homes and 500 businesses along West Little Llagas Creek, East Little Llagas Creek, and Llagas Creek. The Project is approximately 13.9 miles long and encompasses the City of Morgan Hill, City of Gilroy, and various unincorporated areas of Santa Clara County, including San Martin. (Refer to Project Map, Attachment 2). The Project will be constructed in two phases and flood protection will only be realized after construction of both phases.

Llagas Creek and its tributaries are part of the Uvas/Llagas Watershed, the area of land over which rain falls and then drains off on its journey to the ocean, or into reservoirs for storage. The Uvas-Llagas Watershed is a 104-square-mile region which is distinguished by its agricultural lands and

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natural areas. Part of the larger Pajaro River Watershed, the creeks within this watershed are the only waterways in Santa Clara County that flow southward.

The Project consists of channel widening and deepening, instream improvements for wildlife and habitat, and revegetation. The Project's mitigation elements to offset environmental impacts associated with the construction work includes the following environmental elements:

- Riparian mitigation consisting of approximately 114 acres of native vegetation plantings;
- Creation of the Lake Silveira wetlands, approximately 5 acres;
- Creation of plant, fish, and wildlife habitat;
- Invasive plant removal (13.0± acres);
- In-stream complexities-woody debris (464 instream complexity features including divide logs, wing deflectors, rootwads and boulder clusters);
- Turtle basking sites within the created wetlands (10 turtle basking sites);
- Tree girdling (27 invasive trees girdled for bat/owl habitat);
- Bat boxes (14);
- Upland log piles (148 locations);
- Removal of legacy trash & hardscape debris (2.3± acres of remediation);
- In-fill native planting sites (11± acres).

Phase 1 construction (Reaches 4 and 7a, a portion of Reach 5, and the Lake Silveira wetlands) requires approximately 43 parcels which have been acquired for the Project.

Valley Water's Project team has obtained the following required regulatory permits to construct the Project:

- California Department of Fish and Wildlife (CDFW) 1600 Permit, dated January 11, 2017;
- Central Coast Regional Water Quality Control Board 401 Water Certification, dated July 27, 2017;
- Incidental Take Permit (ITP) from CDFW for California Tiger Salamander. Valley Water's Board of Directors approved at its September 25, 2018 hearing the execution of the ITP and Valley Water's purchase of mitigation credits from the Sparling Ranch Conservation Bank;
- U.S. Army Corps of Engineers Regulatory Branch 404 permit, dated March 26, 2019.

### ***Addenda Ratification***

Five addenda (Attachment 1) were issued during the bid period to clarify the Project Contract Documents and answer bidders' questions. To formally incorporate the addenda into the Project Contract Documents, staff recommends that the Board ratify the addenda.

### ***Contract Award***

A report of bids received at the bid opening for the Project on July 2, 2019 is summarized in Table 1. The Apparent Low Bid was submitted by Teichert Construction of Roseville, California. Staff recommends the Board award the Construction Contract to Teichert Construction in the sum of \$ 55,200,000. The bid submitted by Teichert Construction is approximately 8% lower than the Engineer's estimate of \$59,783,174.

**Table 1 - Bid Opening Results**

Company, Location	Bid Amount	Award Amount
Teichert Construction, Roseville, CA	\$55,200,000	<b>\$55,200,000</b>
Granite Rock, San Jose, CA	\$68,118,602	
Sukut Construction, Santa Ana, CA	\$72,977,512	
Kiewit, Fairfield, CA	\$74,009,944	
DeSilva Gates, Dublin, CA	\$78,514,050	
Preston Pipelines, Milpitas, CA	\$105,053,760	
<b>Engineer's Estimate: \$59,783,174</b>		

Staff has reviewed the bid proposals and recommends that the Construction Contract for this Project be awarded to Teichert Construction for the following reasons:

1. All bid entries and requirements in the proposal submitted by Teichert Construction are in order;
2. Teichert Construction's license is current, active and in good standing;
3. Teichert Construction has complied with Valley Water's Small Business Enterprise (SBE) Outreach program by subcontracting over 30% of the total project to Department of General Services certified Small Businesses; and
4. Teichert Construction is in compliance with the requirements of California Labor Code section 1771.1. Teichert Construction and its 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.

### **Contingency Funds**

The Contract award sum for the Project is \$55,200,000. To allow staff to quickly address unforeseen or changed site conditions and other unanticipated occurrences, without causing unnecessary delays or consequential costs to the Project, staff recommends the board approve encumbering a contingency amount of \$8,280,000 (15% of the contract price) for the subject Project:

The above contingency amounts were estimated due to known and unknown risks, such as:

1. Unanticipated variances in quantities and cost of various lump sum items estimated in the Bid Proposal;
2. Differing site conditions;
3. Concealed conditions and/or field conditions that may be different from the baseline or as-built information used in preparation of Project Contract Documents; and
4. Coordination issues with utility owners with existing facilities within the Project limits.

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

Unit Manager: \$100,000

Deputy Operating Officer: \$250,000

Chief Executive Officer: up to the total amount of the contingency

### ***Relevant Previous Board Actions***

On September 22, 2009, the Board approved a cost sharing agreement with the City of Morgan Hill for preparing the environmental document and the design plans and specifications for the Project.

On June 10, 2014, the Board certified the Environmental Impact Report for the Project and adopted Resolution No. 14-67.

On May 14, 2019, the Board adopted plans and specifications and authorized advertisement for bids for the Project.

### ***Public Outreach***

During construction, steps will be taken to minimize impacts associated with the Project, such as noise and construction traffic. Outreach will be targeted to the surrounding neighborhoods and include pre-construction and post-construction public meetings. Outreach strategies will include updates on the Project website, Project fact sheets, media relations, and regular email updates and construction site signage. Neighbors will be informed of potential issues, as appropriate.

### ***Outreach to Bidders***

The Notice to Bidders was sent to certified Small Business Contractors that have the appropriate license. Chambers of Commerce and plan rooms (Builder Exchanges) and the Valley Water's own web site were used to solicit interest in the Project work from prospective Contractors. Contractors

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were contacted through the Building Construction & Trades Council and using the Valley Water's own Master Contractor Database.

***Next Steps***

If the Board approves the recommendations, staff will proceed with Contract administration managed by in-house District staff to facilitate the construction of the Project.

**FINANCIAL IMPACT:**

The total cost for the recommended construction contract, including the contingency encumbrance is \$63,480,000. This Project is funded by a combination of the Safe Clean Water and Natural Flood Protection Program (Fund 26) and Watershed and Stream Stewardship (Fund 12) funds. There are sufficient funds in the Board-approved FY20 budget to encumber \$29M for the work to be performed in the first year. Additional funds will be budgeted in future fiscal years FY 21-24. The estimated expense for the Phase 1 construction contract is included in the FY 2020-2024 CIP.

**CEQA:**

***Certification of the EIR***

On June 10, 2014, the Board certified the Environmental Impact Report for the Upper Llagas Creek Project and adopted Resolution No. 14-67.

***Certification of the Final EIS***

USACE San Francisco Regulatory Division released the Project's Final Environmental Impact Statement (EIS) for Public Review on December 7, 2018. The Public Review period ended on January 11, 2019. The USACE San Francisco Regulatory Division issued a Record of Decision on March 26, 2019.

**ATTACHMENTS:**

Attachment 1: Addenda  
Attachment 2: Map  
Attachment 3: Process Delivery Chart

**UNCLASSIFIED MANAGER:**

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