



# Santa Clara Valley Water District

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**File No.:** 21-0712

**Agenda Date:** 7/13/2021

**Item No.:** \*5.3.

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## BOARD AGENDA MEMORANDUM

### **SUBJECT:**

Report of Bids Received and Award of Construction Contract to Kiewit Infrastructure West Co. for the Rinconada Water Treatment Plant Residuals Remediation Project, Project No. 93294058, Contract No. C0671 (Los Gatos), (District 7).

### **RECOMMENDATION:**

- A. Ratify Addenda Nos. 1 and 2 to the Contract Documents for the Rinconada Water Treatment Plant Residuals Remediation Project;
- B. Award the Construction Contract to Kiewit Infrastructure West Co. in the sum of \$22,979,980; and
- C. Approve a contingency sum of \$3,447,000 and authorize the Chief Executive Officer or designee to approve individual change orders up to the designated amount.

### **SUMMARY:**

The objective of the Rinconada Water Treatment Plant (RWTP) Residuals Remediation Project (Project) is to address operational deficiencies existing in the RWTP Residuals Management Project completed in 2016, and to provide a reliable solids management solution.

The Project scope of work includes installing two new centrifuges, a new polymer feed system, new sludge storage tanks, and implementing other critical miscellaneous improvements to existing facilities.

Staff is recommending award of a construction contract to perform the work.

### ***Project Background***

The RWTP is the only source of treated water supply for the west side of Valley Water's service area. Its reliable operation is critical to meet the daily water demands of more than one million customers.

RWTP Residuals Management Project No. 93294051 was implemented to modernize the handling of residual solids from the water treatment process. Construction was completed in 2016. However,

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start-up, testing and commissioning processes revealed numerous operational deficiencies. Staff has taken interim steps to maintain the system's operability. A long-term remediation effort to achieve reliable system operations was approved by the Valley Water Board of Directors in May 2018 as the RWTP Residuals Remediation Project No. 93294058.

Work performed by this Project will correct the outstanding deficiencies of RWTP's residuals management system and provide infrastructure to effectively process solids. The solids volume generated by the plant is approximately double the current system capacity. There is a notable lack of capacity in the existing, under-sized, sludge mix tank, which results in significant increased labor for operational staff to keep the system functioning correctly.

As part of this Project, two new centrifuges, a new polymer feed system, and new sludge storage tanks will be installed. The Project will also include improvements to the existing centrifuge building, centrifuge feed pump, yard piping, gravity thickener rake arms, and the loadout structure.

### ***Addenda Ratification***

Two addenda (Attachment 1) were issued during the bid period to clarify the Project Contract Documents. Staff recommends the Board ratify the addenda to formally incorporate the changes into the Project Contract Documents.

### ***Contract Award***

A report of bids received at the bid opening on June 9, 2021 is summarized in Table 1. The apparent low bid was submitted by Kiewit Infrastructure West Co. and is 33% above the Engineer's Estimate of \$17,283,130. The past project and industry publication cost data that design engineers use to develop the Engineer's Estimate is based on stable economic conditions, but the current COVID-19 environment made estimating this Project very challenging. Rapidly escalating costs due to supply chain disruptions, raw material cost inflation, and the upsurge in new construction affecting labor availability are all contributing factors to the elevated prices reflected in the bids received. However, analysis of the responsive bids received shows that all three are within 8% of each other, which indicates consistent interpretation of the Contract Documents and Project requirements.

Staff reviewed the bid proposal and recommends the construction contract for the Project be awarded to Kiewit Infrastructure West Co. for the following reasons:

1. All bid entries and requirements in the proposal submitted by Kiewit Infrastructure West Co. are in order;
2. Kiewit Infrastructure West Co.'s license is current, active, and in good standing;
3. Kiewit Infrastructure West Co. is in compliance with the requirements of 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.

TABLE 1 Bid Summary		
Contractor, Location	Bid Price	Award Amount
Kiewit Infrastructure West Co	\$22,979,980	\$22,979,980
Thompson Builders, Novato	\$24,527,640	
Ranger Pipelines, San Franc	\$24,963,980	
<b>Engineer's Estimate: \$17,283,130</b>		

Staff recommends the Board award the contract to Kiewit Infrastructure West Co. as the responsible bidder, submitting the lowest responsive bid.

### ***Contingency Funds***

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 \$3,447,000, which amounts to 15% of the lowest bid price.

The contingency amount was estimated due to the known and unknown risks, such as:

1. Unforeseen conditions that result in changes that will need to be resolved during the shutdown of Rinconada Water Treatment Plant unit processes;
2. Concealed conditions and field conditions that may be different from the baseline and as-built information used in preparation of the Project Contract Documents;
3. Differing site conditions;
4. Unanticipated variances in quantities and cost of various lump sum items estimated in the Bid Proposal;
5. Coordination issues and risks associated with weather conditions; and
6. Coordination issues with operations and maintenance activities.

Approval of individual change orders for the Project will be subject to approval at the following designated amounts:

Engineering Unit Manager:	\$100,000
Deputy Operating Officer:	\$250,000
CEO:	Up to the Total Amount of the Contingency

### ***Relevant Prior Board Actions***

On May 15, 2012, the Board awarded Agreement No. A3585A to CDM Smith, Inc., to perform engineering services for the design of the RWTP Residuals Management Project for a not-to-exceed

fee of \$1,449,316.

On April 23, 2013 the Board Adopted a Resolution to Adopt the Final Initial Study-Mitigated Negative Declaration for the Rinconada Water Treatment Plant Residuals Management Project; conducted a public hearing on the Engineer's Report; Adopted a Resolution to Approve the Engineer's Report; and approved the Project - Project No. 93294051.

On August 27, 2013, the Board awarded a construction contract for the RWTP Residuals Management Project to Preston Pipeline, Inc., in the amount of \$15,818,300

On October 25, 2016, the Board accepted the RWTP Residuals Management Project as complete and authorized the Clerk to sign the Notice of Completion of Contract and Acceptance of the Work.

On January 24, 2017, the Board approved a budget adjustment of \$3,356,000 from the Water Utility Operating and Capital Reserve to the Fiscal Year 2016-17 Project budget to fund short-term remediation efforts necessary to maintain the system's functionality.

On May 8, 2018, the Board approved a budget adjustment of \$5 million from the RWTP Residuals Management Project to fund project expenditures for Fiscal years 2018 and 2019, and awarded Agreement No. A4144A to Stantec Consulting Services Inc., for Project planning and design services for a not-to-exceed fee of \$3,296,795.

On April 27, 2021, the Board adopted plans and specifications and authorized advertisement for bids for the Project.

### ***Public Outreach***

Various approaches will be utilized to notify the neighborhood adjacent to the Rinconada Water Treatment Plant about the RWTP Residual Remediation Project before construction begins. Social media channels such as Nextdoor and Facebook will update residents about the work. Mailers will also be developed for distribution before construction starts and ongoing updates will be posted on Valley Water's Rinconada Water Treatment Plant's web page. A public meeting in the neighborhood is being planned to take place prior to commencement of construction.

### ***Permits***

Staff will obtain a hazardous material permit from the Santa Clara County Fire Department during construction.

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

As part of Valley Water's customary small and local business outreach, the Notice to Bidders was sent to certified Small Business Contractors, Chambers of Commerce, plan rooms/Builder Exchanges, the Building Construction & Trades Council and using the Valley Water's own Master Contractor Database.

**Next Steps**

If the Board awards the contract as recommended, Staff will proceed with administering the Project construction, which is anticipated to begin in August 2021 and be completed by June 2023. Staff is currently preparing an amendment to the planning and design services consultant agreement with Stantec Consulting Services, Inc. to perform construction phase engineering services and serve as the engineer-of-record. The Amendment will be scheduled for board consideration this August.

**FINANCIAL IMPACT:**

The RWTP Residuals Remediation Project, Project No. 93294058 is included in the Five-Year FY 2022-26 Capital Improvement Program (CIP) and in the Board adopted FY 2021-22 Budget. The total cost for the recommended construction contract and the contingency is \$26,426,980. Funding for construction costs anticipated to be incurred during the first year of construction (\$9,600,000) is currently included in the approved FY2021-22 Budget predicated on anticipated carry forward of funds from FY 2020-21. No additional funds are requested at this time.

The Board adopted FY 2022-26 (CIP) includes a total Project budget of \$31,513,000. The updated budget estimate, including award of construction contract and construction phase engineering services is \$42,210,000. Thus, it is anticipated an additional approximate \$10,697,000 will be requested as part of the FY 2022-23 budget process, over the \$8,791,000 currently planned for FY 2022-23 in the FY 2022-26 CIP. The funding source for the Project is the Water Utility Enterprise Fund (Fund 61).

**CEQA:**

A Final Initial Study/Mitigated Negative Declaration for the RWTP Residuals Management Project was prepared in accordance with California Environmental Quality Act (CEQA). On April 23, 2013 the Board adopted the Final Initial Study/Mitigated Negative Declaration and Mitigated Monitoring and Reporting Program before approving the RWTP Residuals Management Project. On April 27, 2021, the Board adopted an Addendum to the Final Initial Study/Mitigated Negative Declaration to evaluate the environmental effects of proposed modifications to the approved RWTP Residuals Management Project.

**ATTACHMENTS:**

Attachment 1: Addenda Nos. 1 and 2  
Attachment 2: Project Delivery Process Chart  
Attachment 3: Location Map

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