



# Santa Clara Valley Water District

**File No.:** 21-0985

**Agenda Date:** 9/14/2021

**Item No.:** \*3.6.

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## BOARD AGENDA MEMORANDUM

### **SUBJECT:**

Adopt Plans and Specifications and Authorize Advertisement for Bids for Construction of the South County Recycled Water Pipeline Short-Term Phase 1B/2A/1C/2B Project, Project No. 91094009, Contract No. C0668 (Gilroy, Unincorporated Santa Clara County) (District 1).

### **RECOMMENDATION:**

- A. Consider the First Addendum to the South County Recycled Water Master Plan Program Environmental Impact Report;
- B. Find that the South County Recycled Water Pipeline Short-Term Phase 1B/2A/1C/2B Project is substantially complex and therefore requires a construction contract retention of ten percent (10%);
- C. Adopt the plans and specifications and authorize advertisement for bids for the construction of the South County Recycled Water Pipeline Short-Term Phase 1B/2A/1C/2B Project per the Notice to Bidders; and
- D. Authorize the Designated Engineer to issue addenda, as necessary, during bidding.

### **SUMMARY:**

The objective of the South County Recycled Water Pipeline Short-Term Phase 1B/2A/1C/2B Project (Project) is to expand the existing recycled water distribution system in the City of Gilroy to serve recycled water to additional customers as planned in the South County Recycled Water Master Plan.

This Phase 1B/2A/2B alignment will construct approximately 15,250 linear feet of 30-inch and 36-inch diameter pipe from the South County Regional Wastewater Authority (SCRWA) Wastewater Treatment Plant (WWTP) to the west of Luchessa Avenue, with major crossings at Union Pacific railroad lines, Highway 101, Monterey Highway, and microtunneling under Uvas Creek. The pipeline connects the existing 36-inch recycled water pipeline at the SCRWA WWTP to an existing 36-inch recycled water pipeline at Cimino Street installed by private developers as part of their residential and commercial construction. The Phase 1C alignment will install approximately 3,200 linear feet of 18-inch diameter pipe which will create redundancy in the system.

The plans and specifications will be added in the 3-day supplemental agenda item.

### ***Project Background***

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In 2004, the Santa Clara Valley Water District (Valley Water) and the South County Regional Wastewater Authority (SCRWA), with the participation of the Cities of Gilroy and Morgan Hill, jointly prepared the South County Recycled Water Master Plan. This Master Plan was updated in 2015 (2015 Master Plan Update) and approved by both SCRWA and Valley Water Boards. The 2015 Master Plan Update carried forward the immediate and short-term capital investments that had been defined in the 2004 Master Plan and re-evaluated the long-term capital investments to expand the use of recycled water in Gilroy and Morgan Hill. The immediate-term facilities were completed in 2006. The short-term Phase 1 distribution facilities were split into Phases 1A, 1B, and 1C. The Phase 1A facilities were completed in 2012. At the request of the City of Gilroy, a portion of the Phase 1B facilities (Camino Arroyo Service Line) was completed in June 2015.

This Project will complete the short-term Phase 1 distribution system facility improvements in the 2015 Master Plan Update to help resolve the current recycled water distribution system's operational deficiencies, improve the system's reliability, expand the system to serve new customers, and allow increased use by existing customers.

### ***Right of Way Acquisition Status***

The vast majority of right of way for Phases 1B, 2A, and 2B has been established. The dedication of the outstanding easements (approximately 7% of the overall length) within the City of Gilroy and SCRWA properties is scheduled to be presented to the City of Gilroy Council for approval on October 18, 2021.

Valley Water staff continues to work through negotiations for easement with the owners of properties along Phase 1C. This branch off the main pipeline is a minor portion of the overall Project and is designated in the contract as a supplemental item, such that it may be easily removed from the contract if property rights are not obtained in a timely manner.

### ***United States Bureau of Reclamation WaterSMART: Title XVI Water Reclamation and Reuse Program Grant***

On September 19, 2016, the United States Bureau of Reclamation (Bureau) signed an Assistance Agreement with Valley Water to provide up to \$5.7 million in federal funds as part of the Bureau's Title XVI Water Reclamation and Reuse Program. Valley Water was awarded \$4 million of the funds in 2016 and remaining \$1.7 million of the funds in 2017. The Agreement requires Valley Water to provide \$17.9 million in matching funds for the development and administration of this Agreement, which is 75% of the total estimated construction cost of \$23.6 million, for the Phase 1B, Segment 1: Camino Arroyo Service Line Extension Project that was completed in 2015 and Phase 1B/2A of this Project. These projects had to be completed no later than September 2018.

On September 30, 2018, Valley Water received an extension of the period of performance of the Agreement for additional time required to complete Phase II and Phase III environmental surveys for

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compliance with the National Environmental Policy Act and Section 106 of the National Historic Preservation Act (NHPA). As a result of this modification, the performance period is changed from September 15, 2016 through September 30, 2018 to September 15, 2016 through June 30, 2022.

On February 5, 2021, Valley Water met with the Bureau to discuss the grant agreement, reimbursement, contractors prequalification and status, and inquired on extending the grant. As a result of the discussion, Valley Water was informed by the Bureau that an extension would be considered when progress has been demonstrated on the Project such as bidding the Project and awarding the construction contract. Valley Water confirmed with the Bureau that the procurement standards would follow the same policies and procedures it would use for procurement from its non-Federal funds in compliance with 2CFR sections 200.322 and 200.326 contract provisions. Staff also confirms that all requirements of the grant with the United States Bureau of Reclamation for a Watersmart: Title XVI Water Reclamation and Reuse Program Grant for the South County Recycled Water Pipeline Short-Term Phase 1B/2A Project have been met, will be met, or are being met.

### ***Construction Contract Retention***

Public Contract Code (PCC) Section 7201 limits retention amounts for public works construction contracts to five percent (5%) of the total contract price, but also provides under section 7201(b)(4) that retention on a project may exceed 5% when the governing body of a public entity makes a finding that the proposed project is “substantially complex”.

Staff recommends the Board find that the Project is substantially complex based on the following reasons: (1) the design and construction of a pipeline crossing under Uvas Creek by microtunneling, a specialized construction method not typically used on Valley Water projects, which is permitted by the United States Army Corp of Engineers and California Department of Fish and Wildlife; (2) the deep jack-and-bores constructions under the Union Pacific Railroad’s main line and spur line to be performed, while the rail lines remain in active service; (3) the construction of pipeline in close proximity to and underneath existing SCRWA wastewater treatment plant facilities, while the facilities remain in operation; and (4) the connection to the SCRWA wastewater treatment plant, which requires a time-constrained plant shutdown. Such construction work is complex and requires multiple coordination efforts between the Contractor, Valley Water and various agencies. Due to these complexities, a prequalification process for Contractors has been completed. Staff recommends that a construction retention of ten percent (10%) be implemented for this construction project.

### ***Relevant Prior Board Action(s)***

On October 13, 2015, the Board held a Public Hearing on the Engineer’s Report and adopted Resolution 15-64 approving the Engineer’s Report.

On November 24, 2015, the Board adopted Resolution 15-69 authorizing the Chief Executive Officer to file an application and execute a grant agreement with the United States Bureau of Reclamation for a Watersmart: Title XVI Water Reclamation and Reuse Program Grant for the South County Recycled Water Pipeline Short-Term Phase 1B/2A Project.

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On December 13, 2016, the Board adopted Resolution 16-90 authorizing the Chief Executive Officer to file an application and execute a grant agreement with the United States Bureau of Reclamation for a Watersmart: Title XVI Water Reclamation and Reuse Program Grant for the South County Recycled Water Pipeline Short-Term Phase 1B/2A Project.

### ***Public Outreach***

During construction, measures will be taken to minimize impacts associated with the Project, such as noise, dust, and parking on East Luchessa Ave. Residents, commercial business, and Debell Uvas Creek Park Preserve visitors will be informed of potential temporary impacts, as appropriate. Construction contract documents include requirements and measures to minimize impacts during the construction.

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

At this time the District's small and local business outreach has been suspended. In order to comply with the grant from the United States Bureau of Reclamation (Bureau) - Title XVI Water Reclamation and Reuse Program an outreach to subcontractors will be taken to comply with the Small and Minority Businesses (SMBE), Women's Business Enterprises (WBE) and Labor Surplus Area Firms. The Notice to Bidders (Attachment 2) will be sent to SMBE, WBE, 20 minority business Chambers of Commerce and small business groups, 27 Builders Exchange/ Plan Rooms, approximately 100 Building Construction & Trade Councils and their Business Agents/Organizers, The San Jose Post and Valley Water's Master Contractor Database.

### ***Permits***

The Project has obtained a United States Army Corp of Engineer 408 permit, Union Pacific Railroad crossing permits, a Caltrans Encroachment Permit, CalOSHA Tunnel Classifications, and a California Department of Fish and Wildlife Stream Alteration Agreement. Staff has also coordinated with the City of Gilroy and County of Santa Clara to initiate the encroachment permit applications that will be finalized prior to the award of the construction contract to the construction contractor.

### ***Next Steps***

If the Board approves the recommendations, staff will proceed to advertise the project for construction bids. The next Board action is award of the construction contract, scheduled for November 23, 2021.

### **FINANCIAL IMPACT:**

The South County Recycled Water Pipeline, Project No. 91094009, is included in the Five-Year 2022-26 Capital Improvement Program (CIP) and in the Board-adopted FY2021-22 Budget. The Project is funded by the Water Utility Enterprise Fund, with 100 percent of the costs allocated to Zone W-5

(South County).

The estimated construction contract cost for the Project is between \$22.8 million to \$27.8 million. There are adequate funds in the FY2021-22 budget to encumber the amount to be spent in FY2021-22, the first year of construction.

**CEQA:**

On March 22, 2011, the Board adopted Resolution 11-25 certifying the South County Recycled Water Master Plan Final Program Environmental Impact Report (PEIR), which evaluated the installation of approximately 10 miles of recycled water transmission and distribution pipelines in the City of Gilroy (Master Plan Project). Phases 1B, 2A, and 2B of the Project are consistent with the project description in the PEIR and all mitigation measures from the PEIR would apply during construction and operation as required. Valley Water may rely on the PEIR for implementation of Phases 1B, 2A, and 2B.

Phase 1C was added to the Master Plan Project subsequent to certification of the PEIR, and as such, was not previously evaluated. Pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15164, an addendum to a previously certified Environmental Impact Report (EIR) shall be prepared if some changes or additions are necessary but none of the conditions described in CEQA Guidelines Section 15162 (i.e., no new significant environmental effects or a substantial increase in the severity of previously identified significant effects) calling for the preparation of a Subsequent EIR have occurred. As described in the First Addendum to the South County Recycled Water Master Plan Final Program Environmental Impact Report (Attachment 1), prepared by staff, Phase 1C would not create new significant effects or substantially increase the severity of previously identified effects. Therefore, preparation of a subsequent EIR is not required and an addendum to the PEIR is the appropriate level of review to comply with CEQA.

**ATTACHMENTS:**

Attachment 1: First Addendum to PEIR

Attachment 2: Notice to Bidders

Attachment 3: Project Delivery Chart

Attachment 4: Map

Attachment 5: PowerPoint

\*Supplemental Agenda Memo

\*Supplemental Attachment 1: Plans

\*Supplemental Attachment 2: Specifications

**UNCLASSIFIED MANAGER:**

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