



# Santa Clara Valley Water District

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**File No.:** 22-0539

**Agenda Date:** 5/10/2022

**Item No.:** \*6.1.

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## BOARD AGENDA MEMORANDUM

### **SUBJECT:**

Report of Bids Received and Award of Construction Contract to McGuire and Hester for the Hale Creek Enhancement Pilot Project, Project No. 26164001, Contract No. C0667(Mountain View, Los Altos), (District 7).

### **RECOMMENDATION:**

- A. Ratify Addenda No(s). 1, 2, and 3 to the Contract Documents for the Hale Creek Enhancement Pilot Project;
- B. Award the Construction Contract to McGuire and Hester in the sum of \$6,380,681.50; and
- C. Approve a contingency sum of \$957,102.23 and authorize the Chief Executive Officer or designee to approve individual change orders up to the designated amount.

### **SUMMARY:**

The objective of the Hale Creek Enhancement Pilot Project (Project) is to provide Santa Clara Valley Water District (Valley Water) the opportunity to examine a new approach using a hybrid method, instead of only hardscape, to test the potential for restoration of geomorphic habitat functions to a concrete-lined channel in an urbanized and constrained setting while maintaining and enhancing flood protection. The Project is part of the voter-approved renewed Safe, Clean Water and Natural Flood Protection Program (Safe, Clean Water Program) under Project D6: Restoration of Natural Creek Functions.

### ***Project Background***

In the 1950s, Valley Water constructed miles of flood protection projects to address repeated and large-scale floods. Some of these projects included installation of concrete-lined channels. Although the channels have generally achieved their main goal of reducing flood risk and damage, other issues have developed over the years due to modification to the creeks' natural hydrologic, geomorphic, and biological functions. Additionally, many of the concrete-lined channels that were constructed during this time are now well over 50 years old and are reaching the end of their original planned useful life.

### ***Addenda Ratification***

Three 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 April 20, 2022, is summarized in Table 1.

The apparent low bid was submitted by McGuire and Hester of Alameda, California. The bid submitted by McGuire and Hester is approximately 22% higher than the Engineer's estimate of \$5,230,000. Past project and industry publication cost data that design engineers use to develop the Engineer's Estimate are based on stable economic conditions, but the current COVID-19 environment and recent rapid escalation in gas prices made estimating this Project very challenging. Additionally, 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.

In light of the aforementioned factors, it was anticipated that there might be a variance between the bids received and the Engineer's Estimate. However, staff has reviewed the McGuire and Hester bid and concluded its Bid Proposal price is reasonable and recommends contract award.

Staff reviewed the bid proposal and recommends the Board award the construction contract to McGuire and Hester for the following reasons:

1. All bid entries and requirements in the proposal submitted by McGuire and Hester are in order;
2. McGuire and Hester's license is current, active, and in good standing; and
3. McGuire and Hester is in compliance with the requirements of California Labor Code section 1771.1. because McGuire and Hester 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.

**Table 1 - Bid Summary**

<b>Company, Location</b>	<b>Bid Price</b>	<b>Award Amount</b>
McGuire and Hester, Alameda	\$6,380,681.50	<b>\$6,380,681.50</b>
Granite Construction Company, Santa Clara	\$7,148,215.00	
Granite Rock Company, San Jose	\$7,229,975.00	
Azul Works, Inc., San Francisco	\$7,801,555.00	
Gordon N. Ball, Inc., Alamo	\$7,953,429.00	
Disney Construction, Burlingame	\$8,075,242.00	

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<b>Engineer's Estimate: \$5,230,000.00</b>
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Staff recommends the Board award the construction contract to McGuire and Hester as the responsible bidder submitting the lowest responsive bid.

***Contingency Funds***

The Contract award sum for the Project is \$6,380,681.50. Because of the complexity of the Project and 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 \$957,102.23 which amounts to 15% of the lowest bid price.

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

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

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

***Relevant Prior Board Actions***

On November 20, 2012, the Board certified a Final Subsequent EIR (FS-EIR) for the Permanente Project.

On March 8, 2022, the Board approved the Sixth Addendum to the FS-EIR for construction of the

Project.

On March 8, 2022, the Board adopted the plans and specifications and authorized advertisement for bids for construction.

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

As part of Valley Water's customary outreach, the Notice to Bidders was sent to more than 600 vendors, including certified Small Business Contractors, Chambers of Commerce, Plan Rooms/Builder Exchanges, the Building Construction & Trade Council, and Valley Water's Master Contractor Database. Valley Water also placed an ad in the San Jose Post Record and utilized Valley Water's PlanetBids Vendor Portal to solicit interest in the Project.

### ***Rights-of-Way***

Valley Water has obtained all necessary rights-of-way for Project construction.

### ***Regulatory Permits***

Valley Water has obtained all necessary regulatory permits for the construction of the Project.

### ***Public Outreach***

Valley Water will use a variety of outreach strategies to keep the community informed of the Project progress and important milestones. During the Project's design phase, numerous meetings were held with the neighbors. These will continue during construction as necessary and may also include regular email updates and construction site signage. Staff will distribute a pre-construction mailer to residents near the Project site to inform them of the construction schedule and the anticipated construction activities.

### ***Next Steps***

If the Board approves the recommendations, staff will proceed with administering construction of the Project, which is anticipated to begin in May 2022 and be completed by December 2022.

### **ENVIRONMENTAL JUSTICE IMPACT:**

There are no Environmental Justice impacts nor disadvantaged communities in the vicinity of the Project. Completion of the Project would have a positive impact on the community by providing flood protection to the communities surrounding the creek, promoting a stable geomorphic channel condition, and enhancing creek habitat values.

**FINANCIAL IMPACT:**

The Hale Creek Enhancement Pilot Study Project (Project No. 26164001) is included in the Fiscal Year (FY) 2023-27 Five-Year Capital Improvement Program (CIP) and in the FY 2022-23 & 2023-24 Rolling Biennial Budget. The impact of awarding this construction contract would result in an increase of approximately \$3.3M to the total Project cost (TPC) reflected in the Final FY 2023-27 Five-Year CIP, scheduled for adoption on May 10, 2022. There are adequate funds in the Project's FY 2021-22 Adopted Budget to encumber the planned expenditures for construction during this fiscal year. The additional funds required for FY 2022-23 will be requested through a budget adjustment and the updated total Project cost will be incorporated into the Preliminary FY 2024-28 Five-Year CIP. The Project is funded through the Safe, Clean Water and Natural Flood Protection Program Fund (Fund 26). The approximately \$3.3M increase to the TPC can be funded by the Fund 26 Operating and Capital Reserves.

**CEQA:**

On March 8, 2022, the Board approved the Sixth Addendum to FS-EIR for construction of the Project.

**ATTACHMENTS:**

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

**UNCLASSIFIED MANAGER:**

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