



Santa Clara Valley Water District

File No.: 22-0725

Agenda Date: 6/14/2022

Item No.: 5.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Approve the Consultant Agreement with CDM Smith, Inc. for the Purified Water Project, Project No. 91304001, for Project Management Services, PlanetBids File No. VW0074, for a Not-to-Exceed amount of \$25,435,610.

RECOMMENDATION:

Approve the Consultant Agreement with CDM Smith, Inc. for the Purified Water Project, for Project Management Services, PlanetBids File No. VW0074, for a Not-to-Exceed amount of \$25,435,610.

SUMMARY:

To support Santa Clara Valley Water District (Valley Water) water supply reliability goals, on June 16, 2020, the Board of Directors (Board) directed staff to proceed with an indirect potable reuse project (Purified Water Project). On September 8, 2020, the Board specified that the Purified Water Project would use a fixed-price Design-Build-Finance-Operate-Maintain (DBFOM) delivery method using a Public-Private Partnership (P3). On December 14, 2021, the Board directed staff to finalize agreements with the City of Palo Alto to locate the advanced water purification facility (AWPF) of the Purified Water Project in Palo Alto.

The proposed Purified Water Project (Project) would include the construction of the AWPF with full advanced treatment, reverse osmosis concentrate management, pump station and water conveyance pipelines to the existing Los Gatos Recharge System (LGRS) complex located in the City of Campbell, discharge facilities at the LGRS, lateral pipelines, associated facilities, and monitoring well.

Given the complexity of this large project, the need for specialized expertise, and addressing significant risks, approval of the Consultant Agreement will provide the additional program management resources that will assist staff through the entire procurement, design, and construction of the Purified Water Project.

Project Background

Valley Water's Board of Directors established a goal to increase recycled water use, such that reuse supplies meet 10 percent of total countywide demands by 2025 and up to 24,000 acre-feet per year

(AFY) by 2040. There are many drivers for diversifying and expanding the county's water supply portfolio, including population/ economic growth, increasing climate uncertainty, and other challenges to supply resilience. Recent technological advancements and regulatory developments have made it possible for Valley Water to pursue water reuse as a viable local, drought-resilient potable supply. The Project will reliably produce and convey up to 11,200 acre-feet per year (AFY) of purified water suitable for indirect potable reuse. Tertiary treated wastewater from the Regional Water Quality Control Plant from a Partner Agency will be sourced and treated at a new AWWP and conveyed approximately 20 miles south to the LGRS in the City of Campbell to replenish the groundwater. In April 2021, Valley Water released the P3 DBFOM procurement Request for Qualifications for the Project and four teams were selected to proceed.

Consultant Selection Process

On November 4, 2021, staff published a Request for Qualifications (RFQ) for project management consultant services for the Project in the Santa Clara Procurement Portal, PlanetBids (PB). The RFQ was distributed to approximately 449 firms that are registered in PB, under category codes; 96156 - Program/Project Dev/Mgmt. Services; 90625 - Design-Build Services; 95877 - Project Management Service. In addition, the RFQ was advertised in the San Jose Post and Small Business Exchange.

The Scope of Services for the RFQ involved Valley Water engaging a consultant to assist in providing Project Management Consultant (PMC) services for the Purified Water Project.

The following qualifications are the minimum required qualifications that a Proposer was required to meet for a Statement of Qualifications (SOQ) submittals to be considered responsive:

- The Proposer shall have a minimum of five years of experience in managing the delivery of large-scale, water sector projects using alternative delivery methods such as Public-Private-Partnership (P3), Design-Build (DB), and Design-Build-Operate (DBO) Projects.
- The Proposer shall have a minimum of five years of experience in managing the delivery of Indirect Potable Reuse and Groundwater Replenishment projects.
- The Proposer shall have the following certifications, licenses, or affiliations: Certified Project Management Professional, State of CA licensed Professional Civil Engineer, Professional Mechanical Engineer, Professional Electrical Engineer, Professional Structural Engineer, and Professional Control Systems Engineer.
 - The Proposer shall possess deep knowledge of applicable regulations and codes concerning indirect potable reuse, groundwater replenishment, advanced recycled water treatment, water quality, stakeholder management and outreach, reverse osmosis concentrate management, and civil, structural, mechanical, electrical, and controls systems engineering and shall be familiar with local conditions relating to the treatment plant, pipeline, and pump station design, operation, and maintenance in the State of California.

A total of three SOQ submittals were received on November 12, 2021, from the following consultant

firms: 1) Brown and Caldwell; 2) CDM Smith, Inc.; and 3) Cordoba Corporation. An Evaluation Committee (EC), consisting of five subject matter experts from Valley Water, ranked the written proposals. Two firms, Brown and Caldwell and CDM Smith, Inc., were invited to participate in the subsequent virtual oral interviews conducted on December 7, 2022.

Based on the combined (written and oral) rating scores, the EC recommended staff to proceed with the highest ranked firm, CDM Smith, Inc. Staff then provided the highest-ranked firm with a more specific scope of work and requested the firm to submit a cost proposal. Upon receiving the cost proposal from the firm, staff began Agreement negotiations on January 7, 2022. Valley Water staff and the Consultant's team met numerous times to discuss and negotiate the scope and level of effort for specific tasks.

Consultant Agreement and Scope of Services

The recommended Consultant Agreement with CDM Smith, Inc. has a five-year term and a not-to-exceed amount of \$25,435,610.

The Consultant will perform project management, technical advisory, and Owner's engineer representative services for the P3 procurement, and design and construction phases of the Purified Water Project.

A summary of tasks and budget for this Consultant Agreement is presented in Table 1. The basic scope of services is described in Tasks 1-4. Supplemental Services (Task 5) may include services such as facilitating responses to emerging technologies, providing on-call technical assistance, overseeing the vendor pilot program (to establish the treatment performance criteria), performing utility field investigations, assisting Valley Water in obtaining additional funding sources, and other special studies, investigations, and analysis.

Table 1
Cost Breakdown

Task	Description	Not-to-Exceed Fees
1	Fast Start Activities	\$1,173,466
2	Project Management and Project Delivery	\$7,953,102
3	Technical Advisory Services	\$4,212,149
4	Owner's Engineer Representative	\$8,683,829
5	Supplemental Services	\$3,413,064
Total Not-to-Exceed Fees		\$25,435,610

ENVIRONMENTAL JUSTICE IMPACT:

There are no Environmental Justice impacts associated with this item.

Project Environmental Justice impacts will be determined and reported on Board actions associated with the Purified Water Project implementation.

FINANCIAL IMPACT:

The Purified Water Project, Project No. 91304001, is included in the Board-adopted Five-Year 2023-27 Capital Improvement Program (CIP). The not-to-exceed for the proposed Consultant Agreement is \$25,435,610 for a five-year term. The impact of this Consultant Agreement would be an increase of approximately \$725K to the total Purified Water Project cost reflected in the Final Five-Year CIP 2023-27. The increase in the total Purified Water Project cost will be incorporated into the Preliminary FY2024-28 CIP. Based on staff analysis, this total Purified Water Project cost increase will not impact the FY 2022-2023 projected water rates. Funds to cover each subsequent year's anticipated Consultant costs will be recommended by staff during the biennial budget process or through budget adjustment(s). The Purified Water Project is funded by the Water Utility Enterprise Fund (Fund 61) and is allocated 100% to North County Zone W-2.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have the potential to result in direct or reasonably foreseeable indirect physical change in the environment.

Valley Water is currently preparing the environmental documents for the Purified Water Project and project approval will occur only after environmental review is completed.

ATTACHMENTS:

Attachment 1: Agreement

UNCLASSIFIED MANAGER:

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