



Santa Clara Valley Water District

File No.: 22-0786

Agenda Date: 6/28/2022

Item No.: 5.3.

BOARD AGENDA MEMORANDUM

SUBJECT:

Receive Report of Bids and Award the Construction Contract to Con-Quest Contractors, Inc. for the Santa Clara Conduit Rehabilitation and Pacheco Sectionalizing Valve Replacement Project, as part of the 10-Year Pipeline Inspection and Rehabilitation Project, Project No. 95084002, Contract No. C0673 (Gilroy, San Benito County, Unincorporated Santa Clara County) (District 1).

RECOMMENDATION:

- A. Ratify Addenda No. 1 to the Contract Documents for the Santa Clara Conduit Rehabilitation and Pacheco Conduit Sectionalizing Valve Replacement Project;
- B. Award the Contract to Con-Quest Contractors, Inc., located in San Francisco, CA, in the sum of \$9,677,100; and
- C. Approve a contingency sum of \$1,451,565 and authorize the Chief Executive Officer or designee to approve individual change orders up to the designated amount.

SUMMARY:

The objective of the Santa Clara Conduit Rehabilitation and Pacheco Sectionalizing Valve Replacement Project (Project) is to increase the reliability and useful life of the pipeline.

The Project scope of work includes the dewatering and inspection of Santa Clara Conduit, repair and rehabilitation of the appurtenances, replacement of a line valve, installation of an Acoustic Fiber Optic (AFO) monitoring system on Santa Clara Conduit which provides Santa Clara Valley Water District (Valley Water) with real-time monitoring, and installation of other miscellaneous pipeline appurtenances.

Project Background

The Santa Clara Conduit and Pacheco Conduit are included in Valley Water's Pipeline Maintenance Program (PMP) and are an identified capital effort under the 10-Year Pipeline Inspection and Rehabilitation Project. The PMP defines the activities associated with maintenance and repair of water supply conveyance systems throughout the Valley Water's jurisdiction. The PMP serves as a comprehensive plan that defines how routine and preventative maintenance activities can be carried out. The primary objectives of the PMP are to maintain Valley Water's water conveyance systems to their specifications and design; coordinate the various aspects of routine maintenance to achieve this

goal; reduce environmental impacts associated with maintenance; and assist in obtaining multi-year permits for these activities.

The purpose of the 10-Year Pipeline Inspection and Rehabilitation Project is to maintain the integrity of the approximately 140 miles of large diameter raw and treated water transmission pipelines, extend their useful life, and address infrastructure reliability concerns. The Project is the fifth project to be undertaken, following Almaden Valley Pipeline, Pacheco Conduit, Cross Valley and Calero Pipelines, and Central and Parallel East Pipelines.

Santa Clara Conduit

The Santa Clara Conduit (SCC) consists approximately of 22 linear miles of 96-inch prestressed concrete cylinder pipe (PCCP). It conveys raw water from the Bifurcation structure near Casa De Fruta Parkway and Pacheco Pass Highway to the Coyote Pumping Plant in Morgan Hill. The SCC was constructed in 1988 and is owned by the U.S. Bureau of Reclamation (USBR). SCC is part of the USBR San Felipe System and is operated and maintained by Valley Water. It begins at the Bifurcation structure, runs along the Santa Clara Tunnel, continues along the cities of Gilroy, San Martin, and Morgan Hill in Santa Clara County, the northern portion of San Benito County, and ends at the Coyote Pumping Plant.

In 2020, staff conducted a condition assessment of the SCC to evaluate and assess the overall condition of the pipeline and its appurtenances. The findings recommended the installation of an Acoustic Fiber Optic system to monitor the structural integrity of the PCCP pipeline and the replacement of several appurtenances.

Pacheco Conduit

The Pacheco Conduit (PAC) consists of approximately 7 miles of 120-inch PCCP. It conveys raw water from Pacheco Sectionalizing Valve (PSV), runs along Pacheco Pass Highway and ends by connecting to Santa Clara Conduit at Bifurcation structure near Casa De Fruta Parkway and Pacheco Pass Highway. The facilities were constructed by USBR in the 1980's as part of the Central Valley Project and are owned by USBR. It is operated and maintained by Valley Water. The PAC is also part of USBR San Felipe System, supplying raw water to both Valley Water and San Benito County Water District.

In November 2019, Pure Technologies identified damaged Acoustic Fiber Optic (AFO) fiber inside of the pipeline in need of repair during the next scheduled shutdown.

Addenda Ratification

One addendum (Attachment 1) was issued during the bid advertisement period to clarify the Project Contract Documents. Staff recommends that 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 for the Project on June 8, 2022 is summarized in Table 1. The apparent low bid was submitted by Con-Quest Contractors, Inc. and is 38% above the Engineer's estimate of \$7,025,000. 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 and escalation in gas prices made estimating this Project 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.

Three responsive bid proposals were received, and their prices were within 27% of each other. The base bids from Con-Quest Contractor's Inc. and Mountain Cascade Inc. are close, \$5,965,500 and \$5,765,500 respectively. The primary difference between Con-Quest Contractors, Inc. and Mountain Cascade, Inc. was the costs for the supplemental bid item for carbon fiber reinforced polymer repairs. Ranger Pipelines, Inc. have relatively higher costs for mobilization and line valve replacements compared to the other two firms.

Staff reviewed the bid proposal and recommend that the construction contract for the Project be awarded to Con-Quest Contractors, Inc. for the following reasons:

1. All bid entries and requirements in the proposal submitted by Con-Quest Contractors, Inc. are in order;
2. Con-Quest Contractors, Inc.'s license is current, active, and in good standing;
3. Con-Quest Contractors, Inc. is in compliance with the requirements of the 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
Con-Quest Contractors, Inc.	\$9,677,100	\$9,677,100
Mountain Cascade, Inc.	\$10,644,311	
Ranger Pipelines, Inc.	\$12,273,500	
Engineer's Estimate: \$7,025,000		

Staff recommends the Board award the contract to Con-Quest Contractors, Inc. as the responsible bidder, submitting the lowest responsive bid.

Contingency Funds

The proposed Contract award sum for the Project is \$9,677,100. 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 \$1,451,565 which amounts to 15% of the contract amount.

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;
5. Coordination issues with operations and maintenance activities; and
6. Unforeseen internal pipeline condition.

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

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

Relevant Prior Board Actions:

On November 13, 2007, the Board certified the Pipeline Maintenance Program Environmental Impact Report (PMP EIR) and adopted the Mitigation Monitoring Plan.

On April 13, 2010, the Board held a public hearing and adopted Resolution 10-29 approving the PMP Engineer's Report and approving the PMP.

On July 26, 2011, the Board accepted the work as complete for the Santa Clara Conduit Reach 3 Rehabilitation Project from SV1 Vault to Coyote Pumping Station, MGE Underground, Inc., Contract No. C0570, Project No. 92144002.

On August 11, 2015, the Board approved the recommendation to find that the pipeline failure on the

Santa Clara Conduit continues to constitute an emergency pursuant to California Public Contract Code Section 22050, as declared by the Chief Executive Officer (CEO) on August 3, 2015 and Valley Water Resolution 05-67.

On September 8, 2015, the Board approved the recommendation to continue the emergency action declared by the CEO on August 3, 2015, pursuant to California Public Contract Code Section 22050 and Valley Water Resolution 05-67, in support of the pipeline restoration on the Santa Clara Conduit, continuing previous determinations made by the Board of Directors.

On September 22, 2015, Staff provided updates to the Board on the CEO's August 3, 2015 Emergency Declaration and Pipeline Restoration on Santa Clara Conduit.

On April 15, 2016, Staff provided lessons learned to the Board from the August 2015 Pipe Rupture on Santa Clara Conduit.

On January 8, 2019, the Board approved a sole source purchase of equipment and services from Pure Technologies U.S., Inc. to provide electromagnetic inspection, acoustic fiber optic (AFO) monitoring system, and AFO system services for the 10-Year Pipeline Inspection and Rehabilitation Program.

On April 26, 2022, the Board adopted the Project plans and specifications and authorized advertisement for bids for construction.

Permits

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

Right of Way

Valley Water has received a conditional clearance permit from the County of Santa Clara, which is a permit the County of Santa Clara issues in place of a draft encroachment permit. An encroachment permit from the County of Santa Clara will be finalized after award of contract to a construction contractor. No other rights-of-way are outstanding.

Public Outreach

During construction, appropriate measures will be taken to minimize construction impacts associated with the Project, such as traffic, noise and dust. Residents and businesses in the Project area will be informed of construction impacts through multiple outreach strategies, including social media such as Nextdoor and Facebook, mailers and signage, and coordination with the County of Santa Clara. The construction Contract Documents include requirements and mitigations to minimize impacts to the public during construction.

Outreach to Bidders

Valley Water's small and local business outreach has been suspended. The Notice to Bidders was sent to certified Contractors that have the appropriate license. Chambers of Commerce, plan rooms (Builder Exchanges), and Valley Water's own website were used to solicit interest in the Project work from prospective Contractors. Contractors were contacted using Valley Water's own Vendor Contractor Database through PlanetBids Vendor Portal.

Next Steps

If the Board awards the contract as recommended, staff will proceed with administering Project construction, which is anticipated to begin in July 2022 and be completed by July 2023.

ENVIRONMENTAL JUSTICE IMPACT:

There are no Environmental Justice impacts associated with this item.

FINANCIAL IMPACT:

The Santa Clara Conduit Rehabilitation and Pacheco Sectionalizing Valve Replacement Project is part of the 10-Year Pipeline Inspection and Rehabilitation Project, Project No. 95084002. It is included in the Capital Improvement Program (CIP) Fiscal Year (FY) 2023-27 Five-Year Plan and in the FY 2021-22 Adopted Budget. The total cost for the recommended construction contract, including the change order contingency sum of \$1,451,565, is \$11,128,665. There are adequate funds in the Adopted Budgets for the 10-Year Pipeline Inspection and Rehabilitation Project to do phased encumbrances of \$10,400,000 in FY 2021-22 and \$728,665 in FY 2022-23 for the planned construction expenditures. Funds to cover subsequent fiscal year anticipated construction costs will be recommended by staff during the biennial budget process or through budget adjustment(s).

Award of this construction contract would increase the total Project cost reflected in the CIP's Adopted FY 2023-27 Five-Year Plan by approximately \$3,129,000. The increase in the total Project cost will be incorporated into the CIP's Draft FY 2024-28 Five-Year Plan. The Project is funded by the Water Utility Enterprise Fund with 94.4% of the costs of the 10-Year Pipeline Inspection and Rehabilitation Project allocated to Zone W-2 (North County), 4.29% to South County Zone W-5, 1.23% to South County Zone W-7, and 0.09% to South County Zone W-8.

CEQA:

The Project is covered under the Pipeline Maintenance Program (PMP) Final Environmental Impact Report (EIR), which was certified by the Valley Water Board of Directors in November 2007. The scope of work in the construction contract is included in the Project description of the PMP EIR and none of the circumstances triggering the need for a subsequent environmental review under CEQA Guidelines §15162 exist.

ATTACHMENTS:

Attachment 1: Addendum 1

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Attachment 2: Project Delivery Process Chart
Attachment 3: Site Map

UNCLASSIFIED MANAGER:
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