



## Agenda Report

19-1139

Agenda Date: 12/10/2019

### REPORT TO COUNCIL

#### SUBJECT

Action on the Award of a Construction Contract with Paso Robles Tank, Inc. to Provide Construction Services for the Serra Tanks Rehabilitation Project and Related Budget Amendments

#### BACKGROUND

The City of Santa Clara Water & Sewer Utilities Department (City) owns three (3) welded steel potable water storage tanks at the Serra Tank site. The Serra Tank site is located at 200 Lawrence Expressway, adjacent to the Agilent Technologies site and provides water storage for daily operations and emergency supply needs.

The three Serra Tanks were built in 1964, 1967 and 1981, respectively, and have a total storage capacity of 13.2 million gallons. American Water Works Association (AWWA) and industry standard guidelines specify that the coating system in steel tanks typically reaches the end of its useful life at 30 years or less. Based on the age of the coating system and condition of the tanks, staff recommends a comprehensive rehabilitation of the tanks to prolong the asset life.

On October 9, 2018, City Council approved an agreement with NV5, Inc. to provide design and professional services for the Serra Tanks Rehabilitation Project. The proposed project scope consists of rehabilitating three welded steel potable water storage tanks to comply with Occupational Safety and Health Administration (OSHA), American Water Works Association (AWWA), and the California Building Code seismic regulations. Work specific to each tank includes, but is not limited to, the removal and replacement of the existing interior and exterior coating, new cathodic protection system, replacement of existing structural rafters and supports, steel banding around the tank circumference, ventilation systems improvement, overflow drainage systems modification, and updates to the instrumentation, electrical and control systems. The site improvement consists of new piping, site grading, drainage, and access around the tank perimeter. A new tank mixing system is proposed to maintain the water quality inside the tanks.

#### DISCUSSION

On September 27, 2019, staff issued a Request for Bid (RFB) for the Serra Tank Rehabilitation Project using BidSync, the City's e-procurement system. Standard advertisement of Public Works Construction Projects was also conducted per the requirements of the City of Santa Clara Public Works Specifications. In summary, 91 companies viewed the RFB through BidSync.

On October 21, 2019, bids were opened for the construction of the Project. Two bids were received in the amount of \$8,771,496 and \$9,799,992. The low bid was submitted by Paso Robles Tank, Inc. (PRT) and was 14.3% above the engineer's estimate of \$7,670,000. The second bid, submitted by Crosno Construction (CC), was 27.8% above the engineer's estimate.

The two bids received were higher than the engineer's estimate due to the limited number of contractors specialized in tank seismic reinforcement, structural upgrade and coating work.

PRT's bid was reviewed for compliance with the terms and conditions of the Bid documents and was determined to be the lowest responsive and responsible bidder. Staff recommends awarding the contract to Paso Robles Tank, Inc. Construction of the project is estimated to start after the award of the contract and to be completed by July 2022.

### **ENVIRONMENTAL REVIEW**

The action being considered is exempt from formal environmental review under the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15301(b) (Class 1 - "Existing Facilities") as the activity consists of the operation, repair, and maintenance of existing public structures, facilities, and mechanical equipment, including publicly-owned utilities, involving negligible or no expansion of the existing use.

### **FISCAL IMPACT**

The cost of the proposed contract is \$8,771,496 plus approximately 10% in contingency for potential change orders in the amount of \$877,150. The total project amount including contingencies has a not-to-exceed amount of \$9,648,646. The FY 2019/20 and FY 2020/21 Adopted Budget includes \$3.0 million programmed in FY 2020/21 for the Tank Rehabilitation Project. The following budget amendment accelerates funding from FY 2020/21 to FY 2019/20, eliminating the FY 2020/21 allocation. Additional funding from the Water Utility Fund to the Tank Rehabilitation Project is also recommended to cover the remaining costs for the contract. The budget amendments below cover the remaining total project costs. It is anticipated that this project will be completed and closed out in FY 2021/22, with no additional funding required.

	<b>Budget Amendment FY 2019/20</b>		
	<b>Current</b>	<b>Increase/ (Decrease)</b>	<b>Revised</b>
<b><u>Water Utility Capital Fund</u></b>			
<b><u>Transfers In</u></b>			
Transfer from the Water Utility Fund	\$5,885,000	\$6,405,735	\$12,290,735
<b><u>Expenditures</u></b>			
Tank Rehabilitation Project	\$3,335,183	\$6,405,735	\$9,740,918
<b><u>Water Utility Fund</u></b>			
<b><u>Transfers Out</u></b>			
Transfer to the Water Utility Capital Fund	\$5,885,000	\$6,405,735	\$12,290,735
<b><u>Ending Fund Balance</u></b>			
Rate Stabilization Reserve	\$4,722,214	(\$3,202,867)	\$1,519,347
Operations and Maintenance Reserve	\$4,838,446	(\$3,202,868)	\$1,635,578

### **Budget Amendment**

	FY 2020/21 Current	Increase/ (Decrease)	Revised
<b><u>Water Utility Capital Fund</u></b>			
<u>Transfers From</u>			
Transfer from the Water Utility Fund	\$3,000,000	(\$3,000,000)	\$0
<u>Expenditures</u>			
Tank Rehabilitation Project	\$3,000,000	(\$3,000,000)	\$0
<b><u>Water Utility Fund</u></b>			
<u>Transfers To</u>			
Transfer to the Water Utility Capital Fund	\$6,580,000	(\$3,000,000)	\$3,580,000
<u>Ending Fund Balance</u>			
Rate Stabilization Reserve	\$1,519,347	\$1,500,000	\$3,019,347
Operations and Maintenance Reserve	\$1,635,578	\$1,500,000	\$3,135,578

**COORDINATION**

This report has been coordinated with the Finance Department and City Attorney's Office.

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

**RECOMMENDATION**

1. Award the Construction Contract for the Serra Tanks Rehabilitation Project (WA 30505) to the lowest responsive and responsible bidder, Paso Robles Tank, Inc. in the amount of \$8,771,496 and authorize the City Manager to execute any and all documents associated with, and necessary for the award, completion, and acceptance of this Project; and
2. Authorize the City Manager to execute change orders up to approximately 10% of the original contract in the amount of \$877,150, for a total not-to-exceed project amount of \$9,648,646 and related FY 2019/20 and FY 2020/21 budget amendments, increasing the transfer from the Water Utility Fund to the Water Utility Capital Fund and moving funding from FY 2020/21 forward to FY 2019/20 to cover the entire project cost.

Reviewed by: Gary Welling, Director, Water & Sewer Utilities Department

Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. Bid Summary
2. Site Plan