TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER  DEPARTMENT: UTILITIES
DATE: MARCH 15, 2004  CMR:164:04

SUBJECT: APPROVAL OF AMENDMENT NUMBER 1 (REVISED) TO THE CONTRACT WITH CAROLLO ENGINEERS PHASE I WATER DISTRIBUTION SYSTEM IMPROVEMENTS (CMR:248:02) TO INCLUDE ALL ENVIRONMENTAL REVIEW SERVICES FOR THE 8-HOUR EMERGENCY WATER SUPPLY PROJECT; ADD BORONDA AND PARK BOOSTER STATION IMPROVEMENTS; ADD FIELD SERVICES; AND DELETE THE FINAL DESIGN AND CONSTRUCTION SERVICES FOR A NEW RESERVOIR, PUMP STATION AND WELL

RECOMMENDATION
Staff recommends Council:

1. Approve and authorize the Mayor to execute the attached contract Amendment Number 1 (Revised) with Carollo Engineers to: (1) delete the final design and construction services for a proposed new reservoir, pump station and well; (2) add services to conduct environmental review of all components of the 8-hour emergency water supply project described in the 1999 Water Wells, Regional Storage, and Distribution System Study, which includes a proposed reservoir, pump station, two new wells and five rehabilitated existing wells (Phase II) and the Mayfield Pump station improvements (Phase III); (3) add upgrades to the mechanical, electrical and instrumentation equipment at Boronda and Park booster stations; (4) add certain field services; and (5) reduce the Phase I contract amount to $1,871,741.

2. Approve the revision to the capital improvement program (CIP) project description and project justification in the fiscal year 2002-03 budget to add the recommended Boronda and Park booster station upgrades.
BACKGROUND
The 1999 Water Wells, Regional Storage, and Distribution System Study (1999 Study) recommended improvements to the water system to a) meet state recommendations for an 8-hour stand-alone emergency water supply, b) meet normal operation and fire-suppression demands; and c) support the conversion from chlorine disinfection to chloramine disinfection by the San Francisco Public Utilities Commission (SFPUC). The 1999 Study project recommendations were planned by staff to be designed and constructed in three separate phases based on priority and funding. Phase I included the environmental review, design and construction management services for a new well, pump station, and reservoir; and improvements to the existing foothill water booster stations and reservoirs. The improvements to the existing foothill water booster stations and reservoirs are being designed and constructed to meet normal operation and fire-suppression demands and to support the recent conversion by SFPUC from chlorine to chloramine disinfection. Phase II included the environmental review, design and construction management services for two additional new wells and the rehabilitation of five existing City wells. Phase III included the environmental review, design and construction management services for the Mayfield Pump Station improvements. Council originally approved the Carollo Phase I professional engineering services contract in amount of $2,324,637 on May 20, 2002 in CMR:248:02.

A prior version of this Amendment Number 1 was approved by Council on August 4, 2003 (CMR:119:03). Subsequent to its approval by Council, an error was discovered in the Amendment and it was never executed. Specifically, Section 2 of the Amendment indicated that the amended scope of work would include the work described in “Exhibits “A” through “J”, and Exhibits “Q” and “R”. However, consistent with the intent of city staff and the consultant, Exhibit “L” (Project Budget Allocation) included funds only for the services described in Exhibit “A” (Duties of Consultant - Phase I Distribution System Improvements Project and Project EIR) and in Exhibit “D” (Construction Support Services – Duties of Consultant – Phase I Distribution system Improvements Project).

The other exhibits, (“B”, “C”, “E” through “J”, “Q” and “R”) described preliminary design services for alternative reservoir locations. Staff and the consultant did not intend that any preliminary design work be performed until the environmental review for the project was complete and anticipated amending the contract to add funds for that work following the environmental review. Accordingly, Amendment Number 1 (Revised) provides for no preliminary design work and deletes the final design and construction management services for the Phase I reservoir, pump station and well, and adds services to conduct environmental review of all components of the 8-hour emergency water supply project.
DISCUSSION

Comprehensive EIR
Subsequent to completing the original Phase I contract, concerns were raised about the environmental review as outlined in the original contract. After reviewing the issue, staff concluded that all of the 1999 Study system improvements for the 8-hour emergency water supply project should be evaluated as a single project under the California Environmental Quality Act (CEQA), and that the consultant’s contract should be amended to provide for these services.

In the 1999 Study, a range of public and private sites for a new reservoir was analyzed. Under this contract amendment, the consultant will review that information and determine, based upon criteria agreed upon with the city, which sites warrant further feasibility review, and from those select up to three sites to analyze in depth in an Environmental Impact Report (EIR).

Reservoir, Pump Station and Well Scope Deleted
The original Phase I contract with Carollo Engineers included design and construction management of a new reservoir, pump station and well for north Palo Alto. The proposed Amendment No. 1 (Revised) deletes these services from Carollo’s scope of work and contract budget. It is anticipated that the contract will be further amended to provide for these services when the Council has certified the EIR and approved the improvements for the 8-hour emergency water supply project.

The only design-related work that is retained is pre-design work and engineering analysis necessary to complete the EIR, including the evaluation of alternatives, in order to have reasonable project descriptions and cost estimates. This work is described in Exhibit “A” to the agreement.

Boronda and Park Booster Stations
The 1999 Water Wells, Regional Storage, and Distribution System Study (1999 Study) recommended capital improvements to increase water supply for normal operations and fire suppression, including improvements to the Quarry, Corte Madera and Dahl booster stations. Improvements to these booster stations are included in the Phase I contract. Although the 1999 Study determined that the Boronda and Park booster stations have adequate existing pumping capacity, the pumping, mechanical and electrical equipment in these stations continues to age and will eventually need to be replaced.

This work was not included in the original request for proposals (RFP) or in the project description for the fiscal year 2002-03 CIP. Although another RFP could be issued to select a consultant to provide these services, staff believes that this process would not produce any advantage to the City with respect to these projects. Staff believes including
consultant services for the replacement of equipment at the Boronda and Park booster stations in the Phase I contract has following advantages:

- Reduced contract management and administration costs: Having two separate design and construction contracts – one for Quarry, Corte Madera and Dahl, the other for Boronda and Park – would cost significantly more than incrementally expanding the existing design contract and upcoming construction project.
- Cost savings – having the same consultant prepare the designs, specifications and details for all five booster station projects will save the City money.
- Impact to Operations: Constructing improvements to all of the booster stations in a single contract would minimize exposure to possible operational impacts related to having two separate construction projects.
- Economy of scale: A single general contractor will be able to negotiate better prices from the equipment suppliers for one large project rather than two smaller projects.
- Reduced operations and maintenance costs: Upgrading all of the stations at the same time with like equipment will benefit the City from the standpoint of lower operational complexity, and of simplified (and possibly reduced) spare parts inventory. With a single contract all of the materials supplied would be from the same manufacturer.

A revised CIP Project Description for Project No. WS-01010, Reservoir Booster Station Improvements, (Attachment B) indicates the additional improvements needed at the Boronda and Park booster stations.

Field Services
The original contract contemplated having City staff assist the consultant with performing certain field inspections during construction. However, after reviewing existing staffing commitments, it was determined that there is insufficient City staff to perform these duties. Therefore, the proposed amendment shifts these responsibilities to Carollo, the consultant, rather than the City. These services are required for the projects related to the chloramine conversion.

RESOURCE IMPACT
Exhibit L contains the project cost information and has been updated to reflect the changes made in the scope of work. The original contract approved by Council had a cost of $2,324,637. The net effect of the changes to Exhibit L is to reduce the total Phase I contract amount by $452,896, to $1,871,741. Funds for this contract are included in the capital budget.

The cost detail by project task is shown in the following table:
<table>
<thead>
<tr>
<th>Project Task</th>
<th>Original Contract</th>
<th>Amendment 1 (Revised)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1 – Project Management and Administration</td>
<td>$212,328</td>
<td>$239,982</td>
<td>$27,654</td>
</tr>
<tr>
<td>A2 – Planning Considerations (stakeholder involvement and environmental constraints analysis)</td>
<td>$117,613</td>
<td>$205,089</td>
<td>$87,476</td>
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<tr>
<td>A3 – Pre-Design, Design and Cost</td>
<td>$509,276</td>
<td>$608,424</td>
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<tr>
<td>A4 – Environmental Impact Report (for 8-hour emergency water supply project)</td>
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<td>$419,629</td>
<td>($419,629)</td>
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<tr>
<td>B – El Camino Park Well (design)</td>
<td>$225,184</td>
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<td>($225,184)</td>
</tr>
<tr>
<td>C – El Camino Park Reservoir and Pump Station (design)</td>
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<td>0</td>
<td>($661,455)</td>
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<tr>
<td>D – Construction Management</td>
<td>$598,781</td>
<td>$398,617</td>
<td>($200,164)</td>
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<tr>
<td>TOTAL</td>
<td>$2,324,637</td>
<td>$1,871,741</td>
<td>($452,896)</td>
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</tbody>
</table>

Staff anticipates that the contract may be amended to provide design and construction management services for components of the 8-hour emergency water supply project upon the Council’s certification of the EIR and approval of the project components.

**POLICY IMPLICATIONS**

This project supports the Utilities Strategic Plan Objectives 1 and 2, “Enhance customer satisfaction by delivering valued products and services,” and “Invest in Utility infrastructure to deliver reliable service.”

**TIMELINE**

A revised project schedule is included in Exhibit M of Attachment A. Design services for the basic improvement projects to support the chloramine conversion are expected to be complete by the end of June 2004. A contractor is expected to be selected by late 2004 and construction complete in late 2005. Staff anticipates that the EIR for the 8-hour emergency water supply project will be brought to Council in March 2005 for certification. If the project is approved, final design of the project components will begin in mid-2005.

**ENVIRONMENTAL REVIEW**

This amendment provides consultant services to prepare appropriate environmental documentation for the 8-hour emergency water supply project as well as the other capital improvements described in the 1999 Study and the agreement for normal operations and fire suppression and conversion to chloramine disinfection.

The environmental review for the 8-hour emergency water supply project will identify and evaluate potential project impacts to parklands, and to land use impacts such as visual and noise effects, maintenance and neighborhood compatibility effects; and will include a discussion of land use and Comprehensive Plan policies and a consistency analysis.
A notice of exemption for the basic improvement projects to support the chloramine conversion was filed with the county recorder in December 2003. This determination was made by the City’s Planning Department.

ATTACHMENTS
A: Amendment 1 to Contract C2138257 and Revised Contract Exhibits A, D, L and M&N
B: Revised CIP Project Description and Project Justification for Project No. WS-01010, Reservoir Booster Station Improvements

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