TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: PUBLIC WORKS

DATE: MAY 9, 2005 CMR:221:05

SUBJECT: APPROVAL OF AN ENTERPRISE FUND AMENDMENT NO. 1 TO CONTRACT NO. C3151060 WITH RMC WATER AND ENVIRONMENT (FORMERLY KNOWN AS RAINES, MELTON & CARELLA, INC.) IN THE AMOUNT OF $1,500,000 FOR THE DESIGN AND SERVICES DURING CONSTRUCTION OF THE MOUNTAIN VIEW / MOFFETT AREA WATER RECYCLING FACILITY PROJECT (CAPITAL IMPROVEMENT PROGRAM PROJECT #WQ04010)

RECOMMENDATION
Staff recommends that Council approve and authorize the City Manager to execute an amendment to contract #C3151060 with RMC Water and Environment (RMC, formerly known as Raines, Melton & Carella, Inc.) in the amount of $1,500,000 for the design and services during construction of the Mountain View / Moffett Area Water Recycling Facility Project plus $150,000 for additional services (Attachment A). The amended contract amount would total to $1,800,000 for basic services and $180,000 for additional services.

BACKGROUND
On March 1, 2004, Council approved the funding strategy for the implementation of the Mountain View/Moffett Area Water Recycling Facility Project (Project), and a resolution authorizing the City Manager to apply for a grant from the State Water Resources Control Board (SWRCB) on behalf of the Regional Water Quality Control Plant (RWQCP) for the construction of the Project (Attachment B - CMR:163:04).

The State has a $42 million grant fund available for recycled water projects, to be divided equally between northern California and southern California. The SWRCB received over a hundred applications, of which 45 applications (total $127 million) qualified for the grant. Because the qualified application amounts exceeded the available grant, the applicants were required to compete for the available grant funding based on the State’s pre-approved ranking criteria.

On April 21, 2005, the SWRCB approved the ranking list and directed its staff to process the applications in the order of the ranking until funding was exhausted. The RWQCP application ranked third on the northern California list and the SWRCB is committing $3.28 million for the project. The SWRCB’s ranking criteria included a “readiness to start and complete” criteria. The funding commitment includes a very stringent and aggressive project schedule. The RWQCP is required to start the design no later than July 1, 2005 and complete the construction of the project by October 2007. Staff met and strategized with the City of Mountain View. It
was agreed that RMC’s contract should be amended to include the design and services during construction in order to meet such an aggressive schedule.

Staff was aware of the competitive nature of the State grant and has anticipated the stringent and aggressive schedule requirement. As noted when the original contract was awarded to RMC (CMR:327:03), the Request for Proposal (RFP) for the contract specifically provided that the City might amend the contract to include the design and services during construction, depending on the schedule requirement of the project. Consultants who proposed for the contract were aware of the requirement and had proposed project teams with the experience and capabilities to provide design phase and construction phase services. Consultants were also informed of the anticipated aggressive schedule requirement of the State grant. In evaluating the proposals, staff considered whether the proposers were qualified and available to perform the subsequent phases of the work. Staff, with the support of the City of Mountain View, requests that the existing contract with RMC be amended to include the design and services during construction.

**DISCUSSION**

**Scope of Services Description**

Under the basic contract, RMC completed the facility planning study and the environmental report for the Mountain View/Moffett Area Recycled Water Facility Project (Project). This amendment would require RMC to perform the design and services during construction. The scope of work in general includes:

1. Site surveys
2. Geotechnical services
3. Design of approximately 30,000 feet of main pipe and laterals from the RWQCP to Mountain View Shoreline area.
4. Design of site connections and corresponding on-site retrofits for approximately 120 customers.
5. Assistance in coordination and communication with the public, permit agencies, and the SWRCB.
6. Preparation for permit reviews and assistance with the review processes
7. Job site inspection and reporting
8. Review and recommendations on contractor submittals and requests
9. Assistance with contract acceptance and close-out

**Summary of Solicitation Process**

The RFP for the contract was posted at City Hall and sent to nine consulting firms on April 28, 2003. Firms were given 21 days to respond to the request. Two firms teamed up with two other firms that submitted proposals. A total of four proposals were received on May 20, 2003. Those firms not responding indicated that they did not submit a proposal because they do not have all the resources needed to perform the extensive scope of work.

A selection advisory committee consisting of representatives from the City of Mountain View, Palo Alto community, environmental compliance division, the RWQCP, and the project manager reviewed the proposals, and four firms were invited to participate in oral interviews on May 30, 2003. The committee carefully reviewed each firm's qualifications and submittal in response to the RFP relative to the following criteria: specialized experience, past performance,
qualifications, understanding of project goals, ability to work with the public, familiarity with funding requirements, among other criteria.

Staff recommends amending the contract with RMC for the project for several reasons:

1. RMC showed clear understanding of the State grant requirements. The facility planning and environmental reports produced by RMC were complete, on time, and satisfactory for the grant application.
2. RMC has completed the facility planning and environmental reports under a similarly aggressive schedule.
3. RMC’s proposed design team has good experience in the design and construction of recycled water facility projects. The City of Mountain View has had good experience with the proposed team and is satisfied with its work.
4. RMC’s fee is competitive for the type, amount, and complexity of work. The typical consultant fee for design and services during construction ranges from 12% - 20% of construction cost. The proposed amendment for RMC to perform design and services during construction is 11.1% of the construction cost. The following table provides a comparison of local project cost and consultant fee.

<table>
<thead>
<tr>
<th>Project</th>
<th>Consultant</th>
<th>Construction Cost</th>
<th>Consultant Fee (Design &amp; Construction Management)</th>
<th>Fee versus construction cost %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santa Clara Valley Water District water treatment &amp; pipeline project</td>
<td>Parsons</td>
<td>$75 million</td>
<td>$17 million</td>
<td>22.6%</td>
</tr>
<tr>
<td>Santa Clara South County recycled water pipeline project</td>
<td>Montgomery Watson</td>
<td>$6.65 million</td>
<td>$1.2 million</td>
<td>18%</td>
</tr>
<tr>
<td>San Jose wastewater pipeline project</td>
<td>RMC</td>
<td>$5 million</td>
<td>$617,000</td>
<td>12.34%</td>
</tr>
<tr>
<td>Amarillo wastewater pipeline project</td>
<td>Kennedy Jenks</td>
<td>$5 million</td>
<td>$1 million</td>
<td>20%</td>
</tr>
</tbody>
</table>

5. RMC is familiar with the issues, concerns, scope, and the customers of the Project.
6. Amending RMC’s contract would enable the RWQCP to meet the State grant deadline and ensure State funds for the Project.

**RESOURCE IMPACT**
The funding strategy approved by Council in 2004 included the $4 million State grant as shown in the table below:
The SWRCB committed only $3.28 million for the Project. Staff met with the City of Mountain View to discuss the funding and the necessary adjustments. The $16 million estimated cost included the creek crossing to the NASA facilities. NASA has not signed a user agreement to use recycled water. It was agreed that the project would include the design but would not construct the creek crossing to NASA. Instead, two stub-outs for future connection will be constructed at the end of the pipe before the creek crossing. Staff has submitted an application for a Federal grant for the project. If the Federal grant becomes available and NASA executes the user’s agreement, the connections can be made. The revised total project cost (for construction to start in 2006), excluding the creek crossing, is estimated to be $15 million. The adjusted funding strategy is shown in the following table.

### Adjusted Funding Strategy

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total estimated cost of project</td>
<td>$15M</td>
</tr>
<tr>
<td>City of Mountain View</td>
<td>$8M</td>
</tr>
<tr>
<td>City of Palo Alto</td>
<td></td>
</tr>
<tr>
<td>• RWQCP CIP</td>
<td>$2M</td>
</tr>
<tr>
<td>• RWQCP Reserve</td>
<td>$1M</td>
</tr>
<tr>
<td>City of Palo Alto Water Utilities Fund</td>
<td>$1M</td>
</tr>
<tr>
<td>State grant</td>
<td>$4M</td>
</tr>
<tr>
<td>Total</td>
<td>$15.28M</td>
</tr>
</tbody>
</table>

The $15.28 million funding for the project includes the consultant’s fee for design and services during construction, construction costs, and contingencies for the project. Based on the adjusted funding strategy, City of Palo Alto’s share (RWQCP and Utilities) of the cost for this amendment is $392,670. Palo Alto’s share of funds for this contract has been appropriated under the FY 2004-2005 Wastewater Treatment Capital Improvement Program Project WQ04010. City of Mountain View and the SWRCB will be billed for their proportionate shares of the contract costs in accordance with the City of Palo Alto’s contracts with the City of Mountain View and the SWRCB for the project.

**POLICY IMPLICATIONS**

Recommendations of this staff report are consistent with existing City policies.
ENVIRONMENTAL REVIEW
A mitigated negative declaration for the Project has been approved and adopted by Council (Resolution No. 8391) on January 12, 2004.

ATTACHMENTS
A: CMR:163:04
B: Amendment Number One
C: Certificate of Nondiscrimination

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