



CITY OF SAN MATEO

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Agenda Report

Agenda Number: 15

Section Name: {{section.name}}

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TO: City Council
FROM: Alex Khojikian, City Manager
PREPARED BY: Public Works Department
MEETING DATE: October 21, 2024
SUBJECT:
Clean Water Program — Program Management Amendment

RECOMMENDATION:

Approve Amendment No. 10 to the agreement with CH2M Hill Engineers, Inc. to authorize scope and funding for program management services for the Clean Water Program; authorize payment in an amount not to exceed \$7,945,378; establish a contingency amount of \$2,520,000; and authorize the Public Works Director to execute this amendment in substantially the form presented and execute task amendments within the contingency amount.

BACKGROUND:

The Clean Water Program (CWP) is a \$1 billion capital improvement program necessary to replace aging infrastructure in the Wastewater Treatment Plant (WWTP) and sewer collection system to meet regulatory requirements. On October 20, 2014, Council approved a professional services agreement with CH2M Hill Engineers, Inc. (CH2M) to provide program management for the Clean Water Program for one year with automatic extensions for five additional years, with scope and funding for subsequent years to be authorized annually by the City Council. Council authorized the scope of services for Years 2 through 10 under Amendment Nos. 1 through 9, respectively. The scope and funding for each subsequent year continues to be jointly developed and negotiated between City and CH2M staff, with annual authorization by Council. The recommended Amendment No. 10 details the scope of services and funding for the upcoming contract year.

In accordance with the City's municipal code and policy for procurement of services, the City selected CH2M through a Request for Proposals issued in July 2014. City staff selected CH2M based on the quality of the firm's proposal, qualifications, and experience in similar programs; quality of key staff and program organization; understanding of unique project issues; well-defined scope and approach; capacity for innovative approaches; identification of sufficient staffing and appropriate level of effort; and client references.

Year 1 activities focused on developing the structure and team needed to deliver the CWP, performing validation studies for the WWTP, and continuing progress on current improvement projects. Year 2 activities focused on refining established project scopes, budgets, and schedules; shifting project delivery and execution; certifying and adopting the Programmatic Environmental Impact Report; and selecting the In-System Storage Program Approach. Years 3 and 4 activities focused on project implementation; completion of project-level alternative analyses; preliminary and final design; development of financing strategies; evaluation of impacts to ratepayers; public outreach; continuing environmental and permitting requirements for the projects; and evaluation of underground flow equalization system sites. Years 5 and 6 activities focused on shifting to construction phase for most of its projects; implementing financing strategies through bond financing and submission of letters of interest and applications to request State and Federal loans; continuing public outreach; continuing environmental and permitting requirements for projects; and completion of some of the projects. Years 7, 8, 9, and 10 activities have focused largely on construction management services for the WWTP projects, Underground Flow Equalization System, and Dale Ave Pump Station Improvements, as well as several other projects in the

City's collection system; securing two Federal Water Infrastructure Finance and Innovation Act (WIFIA) loans and one Clean Water State Revolving Fund (SRF) loan, saving ratepayers nearly \$120 million; continued project delivery; and programmatic support.

Year 11 activities will continue to focus on project delivery, shifting the final capacity improvement and flow management projects from design phase to construction phase, and project completions. It is anticipated that the new facilities associated with the Wastewater Treatment Plant Upgrade and Expansion project will be commissioned during this contract year. The delivery of several other WWTP improvements will continue through and beyond Year 11. The scope continues to be based on a project and functional services structure designed to support the CWP. Tasks include program administration, program controls, engineering and project management, construction management and inspection, environmental and permitting support, and public outreach. The detailed scope of services is described in Attachment 1 - Exhibit A. The following projects will be in design; starting or in construction; or completing construction during this coming contract year:

- In Design
 - WWTP Annual Major Components (various packages)
 - Basin A Sewer Rehabilitation
 - El Camino Real and Large Diameter Sewer Rehabilitation
- Starting or In Construction
 - WWTP Upgrade & Expansion (Package 3) (WIFIA- & SRF-Funded)
 - WWTP Immediate Action Projects, Package 3
 - WWTP Annual Major Components (various packages)
 - East San Mateo Lift Station Improvements, Package 2
 - Basin C Sewer Rehabilitation
 - Basin D Sewer Rehabilitation
- Scheduled for Anticipated Construction Completion
 - WWTP Immediate Action Projects, Package 2
 - WWTP Annual Major Components (various packages)
 - Basin E Sewer Rehabilitation
 - Basin B Sewer Rehabilitation
 - Basins 2 & 3 – Underground Flow Equalization System Project (WIFIA Funded)
 - Basins 2 & 3 – Dale Avenue Pump Station Improvements (WIFIA Funded)
 - Basins 2 & 3 – El Camino Real Capacity Improvements (WIFIA Funded)

CH2M will continue to provide project and construction management for the wastewater treatment plant and construction management oversight of the collection system projects. Amendment No. 10 includes the jointly developed scope of services for the new contract year and the associated budget of \$7,945,378. The level of effort and fee was negotiated based on quantity and complexity of projects and program needs anticipated for the ensuing year. The scope and funding for each subsequent year will continue to be jointly developed and negotiated between City and CH2M staff, with annual authorization by City Council.

For Year 11, the requested contingency budget is \$2,520,000. The majority of this contingency budget is based on estimated costs of additional project management and construction management services the City may require if there are delays to active construction projects. This contingency budget also accounts for supporting legal claims, operations evaluation, hydraulic modeling and flow studies necessary to determine if additional capacity issues have not yet been addressed, odor control support, sewer system management plan audit and update support, general risks associated with program/project delivery, and unanticipated scope that may arise through the year.

BUDGET IMPACT:

On October 20, 2014, City Council approved a professional services agreement with CH2M to provide program management for the Clean Water Program. Amendments were approved for each subsequent year. The following table shows the agreement and amendment contracted values and the actuals spent per year.

Year	Agreement / Amendment	Amount Approved	Actuals Spent	Underrun
1	Original Agreement	\$4,856,900	\$4,856,900	\$0
2	Amendment No. 1	\$8,998,731	\$8,998,731	\$0
3	Amendment No. 2	\$14,366,405	\$11,270,001	\$3,096,404
4	Amendment No. 3	\$17,493,206	\$13,722,696	\$3,770,510
5	Amendment No. 4	\$23,670,000	\$12,180,400	\$11,489,600
6	Amendment No. 5	\$17,600,000	\$13,641,446	\$3,958,554
7	Amendment No. 6	\$14,330,000	\$13,198,689	\$1,131,311
8	Amendment No. 7	\$11,132,000	\$10,828,744	\$303,256
9	Amendment No. 8	\$9,942,836*	\$9,793,790	\$149,046
10	Amendment No. 9	\$8,794,900*	\$8,675,926**	\$118,974

* Value includes the amounts approved by Council, plus contingencies approved by the Public Works Director and added to the contract amount via task amendments for the year.

**Value includes Actuals as an estimate at completion of the subject year and will be confirmed in November this year.

The level of effort for Amendment No. 10 is estimated at an amount not to exceed \$7,945,378. A contingency budget of \$2,520,000 is requested to fund increased level of effort for certain tasks if determined necessary and authorized by the Public Works Director.

Program Management tasks constitute approximately \$2,253,427 and will be charged to the Program Management Project (469981). Project-specific tasks such as project management and construction inspection, estimated at approximately \$5,691,951 have been included in the budgets for, and will be charged to, the individual projects to which they pertain (469988, 46s003, 46s005, 46s090, 46s091, 46s092, 46s093, 46t003, 46t009, 46t010, and 46t090).

ENVIRONMENTAL DETERMINATION:

Council approval of the amendment to the Agreement between the City and CH2M is exempt from CEQA review because entering into a professional services agreement amendment for continued program management can be seen with certainty that there is no possibility that the amendment may have a significant effect on the environment. (CEQA Guidelines section 15061(b)(3).) In addition, the City prepared a Final Programmatic Environmental Impact Report (Final PEIR) for the Clean Water Program in accordance with the California Environmental Quality Act (CEQA) (SCH No. 2015032006). Council on June 6, 2016, certified the PEIR. In accordance with CEQA, the Final PEIR serves as the primary environmental compliance document for the implementation of the Clean Water Program. The City prepared Addenda to the Final PEIR that was approved on July 16, 2018 (Addendum 1) and April 15, 2019 (Addendum 2).

NOTICE PROVIDED

All meeting noticing requirements were met.

ATTACHMENTS

Att 1 - Amendment No. 10

STAFF CONTACT

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