



# CITY OF SAN MATEO

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## Agenda Report

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Section Name: {{section.name}}

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**TO:** City Council  
**FROM:** Drew Corbett, City Manager  
**PREPARED BY:** Public Works Department  
**MEETING DATE:** May 4, 2020

**SUBJECT:**  
Underground Flow Equalization System Project – Construction Contract

### **RECOMMENDATION:**

Award a contract to Anderson Pacific Engineering Construction, Inc. for construction of the Underground Flow Equalization System Project in an amount of \$55,277,330; establish a contingency of \$4,500,000 for a total not to exceed amount of \$59,777,330; and authorize the Public Works Director to execute the contract in substantially the form presented and issue change orders within the contingency amount.

### **BACKGROUND:**

The City is currently under a Cease and Desist Order (CDO) issued by the Regional Water Quality Control Board to eliminate sewer overflows and unauthorized discharges of untreated or partially treated wastewater to San Francisco Bay. The Underground Flow Equalization System Project (UFES Project) is one of the Clean Water Program's key collection system projects. The UFES Project consists of a concrete 5.3-million-gallon underground wastewater holding structure to be located beneath the San Mateo County Events Center parking lot and new sewers along Delaware Street and Saratoga Drive.

Staff has worked extensively with community members from the Fiesta Gardens and Bay Meadows neighborhoods to address noise, vibration, dust, ground settlement, and traffic concerns. Measures that minimize and monitor these impacts were incorporated in the design and staff committed to maintaining a high level of communication with the community through the construction process. Updates and monitoring information will be shared with the public through emails, website updates, mailers, and meetings. In addition, a project-specific phone hotline will be established and community members will be alerted of activities via text messaging.

### **Pre-Qualification and Competitive Bidding**

Due to the complexity of the UFES Project, staff prequalified contractors and selected five firms to bid. On September 5, 2019, seven firms submitted Statements of Qualifications, and five of the firms were prequalified based on evaluations performed by staff. A competitive process was used to obtain bids from the five prequalified contractors. Four bids were received on March 19, 2020. Anderson Pacific Engineering Construction, Inc. (Anderson Pacific) submitted the lowest bid of \$56,567,330, well above the engineer's estimate of \$50 million. At its April 6, 2020 meeting, the City Council adopted a resolution rejecting all bids and authorizing the Public Works Director negotiate a contract directly with Anderson Pacific.

### **Bid Protest and Letter from Building and Trades Council**

On April 16, 2020, the second lowest bidder (Shimmick Construction Company) submitted a bid protest on the grounds that an award to Anderson Pacific violates the federal regulations applicable to WIFIA-funded projects. Staff reviewed the protest and, in consultation with the City Attorney's office and WIFIA staff, determined the protest lacked merit. The Public Works Director sent a written decision denying the protest on April 23, 2020.

On April 20, 2020, the Building and Trades Council of San Mateo County sent the City Council a letter expressing concerns about negotiating and potentially awarding the contract to Anderson Pacific rather than re-bidding the project. The City Attorney’s office reviewed that letter and determined that the City Council is not legally precluded from awarding the contract.

**Proposed Contract**

Over the past two weeks, staff worked with Anderson Pacific and the design engineer (Stantec) on value engineering changes that reduce the contract amount by \$1,290,000, as shown in the table below. The savings come from changes to the design and construction methods for the pipelines and diversion structure, which directly reduce contract costs. In addition, certain bid items will now be treated as allowances, which could result in future savings during construction. Cost savings from any further value engineering changes post award will also be shared between the contractor and the City. The City will track the allowances during construction, which may result in \$600,000 in additional future savings.

Value Engineering Items	Contract Savings	Potential Future Savings
Microtunneling of Diversion Pipelines on Delaware Street and Saratoga Drive	\$300,000	
Pre-Cast Diversion Structure	\$405,000	
Replacement of Equipment Backup Alarms	\$100,000	
Porous Concrete Material Substitution	\$200,000	
Micropile Length Adjustment	\$165,000	
Use of Native Backfill (Allowance)	\$120,000	\$200,000
Excavation Spoils to Foster City Levee Project (Allowance)		\$400,000
Total	\$1,290,000	\$600,000

The collaborative effort between staff, the designer and the contractor has been effective and successful, and staff recommends award of the contract to Anderson Pacific and establishing a contingency in the amount of \$4,500,000 (8% of the contract).

The UFES Project is critical to meeting the requirements of the CDO to eliminate sanitary sewer overflows. Re-bidding the UFES Project will shorten the summer and fall excavation window and delay completion of the project for up to one year. With the expansion of the wastewater treatment plant on track, UFES needs to be in operation before those upgrades are completed. Changes to the schedule would therefore affect the Clean Water Program’s objective to comply with the CDO by 2024.

**BUDGET IMPACT:**

The project is funded through the Basins 2 and 3 Collection System Improvements Project. Once the contract is awarded to Anderson Pacific, the remaining balance in this account will be used to fund the rest of the construction projects in Basins 2 and 3. Staff will continue to evaluate and assess project needs to remain within budget.

**ENVIRONMENTAL DETERMINATION:**

In accordance with CEQA Guidelines section 15080 through 15093, the City prepared an EIR for the UFES Project (SCH No. 2018092013) and on October 21, 2019 the City Council certified the Final EIR and adopt the requisite findings, statement of overriding considerations, and mitigation monitoring and reporting program.

**NOTICE PROVIDED**

All meeting noticing requirements were met.

**ATTACHMENTS**

Att 1 – Contract

**STAFF CONTACT**

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