



CITY OF SAN MATEO

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Agenda Report

Agenda Number: {{item.number}}

Section Name: {{section.name}}

File ID: {{item.tracking_number}}

TO: City Council

FROM: Drew Corbett, City Manager

PREPARED BY: Public Works Department

MEETING DATE: November 16, 2020

SUBJECT:

Program Management – Clean Water Program – Amendment

RECOMMENDATION:

Approve Amendment No. 6 to the agreement with CH2M to authorize scope and funding for the seventh year of program management services for the Clean Water Program; authorize payment in an amount not to exceed \$14,330,000 for Year 7 scope of services; establish a contingency amount of 1,880,000; authorize the Public Works Director to execute this amendment and task amendments within the contingency amount in substantially the form presented.

BACKGROUND:

The Clean Water Program (CWP) is a \$1 billion capital improvement program necessary to replace aging infrastructure in the wastewater treatment plant and collection system to meet regulatory requirements. On October 20, 2014, City Council approved a professional services agreement with 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. City Council authorized the scope of services for years two through six under Amendments No. 1, 2, 3, 4, and 5 respectively.

Amendment No. 5 also extended the agreement period through the completion of the WWTP Upgrade & Expansion Project, which is scheduled for completion in 2024. The scope and funding for each subsequent year continues to be jointly developed and negotiated between City and CH2M staff, with annual authorization by City Council. The recommended Amendment No. 6 details the scope of services and funding for Year 7 of the contract.

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 Program, performing Validation Studies for the wastewater treatment plant (WWTP), and continuing progress on current improvement projects. Year 2 activities focused on refining established Program and Project scopes, budgets, and schedules; shifting from Program mobilization to Program and Project delivery and execution; certifying and adopting the Programmatic Environmental Impact Report; and selecting the In-System Storage Program Approach. Year 3 and 4 activities focused on execution of the Program through individual 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 the Program from design phase 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. During Year 6, the Program started construction of Phases 2 and 3 of the WWTP Upgrade & Expansion Project, which is the largest CWP project; and the Program started construction on the largest collection system project, the Underground Flow Equalization System Project.

Year 7 services will continue to focus on project delivery, shifting projects from design phase to construction phase, and project completions; execution and continued evaluation of finance strategies; and continued public outreach during construction. The scope continues to be based on a project and functional services structure designed to support, lead, and progress the Program. Tasks include program administration, program controls, economic management, document management, project management, hydraulic modeling, odor control support, construction management and inspection, oversight of third-party construction management teams, environmental and permitting support, and public outreach. The detailed scope of services is described in Attachment 1 - Exhibit A. The projects listed below will be in design, in construction, or completed during Year 7. CH2M will continue to provide project management and construction management for the wastewater treatment plant and construction management oversight of the collection system projects.

- **In Design during Year 7**

- o WWTP Immediate Action Projects, Package 3
- o WWTP Annual Major Components (various packages)
- o Basins 2 & 3 – Conveyance Improvements (various packages)
- o Basin 4 Collection System Capacity Improvements
- o East San Mateo Lift Station Improvements, Package 1
- o Basin A and Basin E Sewer Rehabilitations
- o Biennial Lift Station Rehabilitation

- **In Construction during Year 7**

- o WWTP Upgrade & Expansion (Packages 1, 2, and 3)
- o WWTP Immediate Action Projects, Package 2
- o WWTP Annual Major Components (various packages)
- o Basins 2 & 3 – Conveyance Improvements (various packages)
- o Basins 2 & 3 – Dale Ave Pump Station Improvements
- o Basins 2 & 3 – Underground Flow Equalization System Project
- o El Camino Real Sewer Rehabilitation

- **Scheduled for Anticipated Construction Completion during Year 7**

- o WWTP Upgrade & Expansion (Package 1)
- o Basin C and D Sewer Rehabilitations
- o East San Mateo Lift Station Improvements, Package 1
- o Basins 2 & 3 – 38th Ave and 41st Ave Lift Station Improvements

Program Years 7 and 8 are planned to have the highest construction costs, see Attachment 2. For future Program years, it is anticipated that Program Management related efforts and expenditures will continue to reduce in comparison to prior program years, particularly as roles continue to transition to City staff. In addition, the project management and construction management related efforts and costs will continue to reduce as projects are closed out.

Amendment No. 6 includes the jointly developed scope of services for Year 7 and the associated budget. The level of effort and fee was negotiated based on quantity and complexity of projects and program needs anticipated for the ensuing year. As before, fee rates for base salaries of CH2M staff will be fixed for Year 7 and salary increases from Year 6 will not exceed a 3 percent average for all staff.

BUDGET IMPACT:

On October 20, 2014, City Council approved a professional services agreement with CH2M to provide program management for the Clean Water Program for one year in the amount of \$4,846,900. The table below shows the agreement/amendment contracted values and the actuals spent per year. Additional information on the CWP management budgets, costs, performance, scope development approaches, and justifications for underruns, since the start of the Clean Water Program, is in Attachment 2.

Year	Agreement / Amendment	Contracted	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	\$10,089,600
6	Amendment No. 5	\$17,600,000	\$14,120,000*	\$3,480,383*
	TOTAL	\$87,235,242	\$65,148,346	\$20,436,896

* Value includes Year 6 Actuals as an estimate at completion and will be confirmed in November 2020

The level of effort for Amendment No. 6 for Year 7 is estimated at an amount not to exceed \$14,330,000, plus a contingency budget of \$1,880,000, to fund increased level of effort for certain tasks if determined necessary and authorized by the Public Works Director. Program Management tasks constitute approximately \$5,340,000 of Year 7 costs and will be charged to the Program Management Project (#469981). Project-specific tasks such as project management and construction inspection, estimated at approximately \$8,990,000, have been included in the budgets for, and will be charged to, the individual projects to which they pertain. The breakdown of proposed funding for Year 7 is below.

Program Management

Account: 469981

Fiscal year 2020-21 Allocation: \$6,352,459

Project Account Balance, including fiscal year 2020-21 allocation: \$ 8,861,647

Year 7 Contract: \$5,340,000 (\$14,330,000 total - \$8,990,000 project-specific charges)

Remaining Budget: \$3,521,647 (sufficient to fund City staff and other direct PMO costs)

Project Management

Accounts: 469988, 46S001, 46S002, 46S003, 46S005, 46S090, 46S091, 46S092, 46S093, 46T003, 46T009, 46T010, 46T090

Fiscal year 2020-21 Allocation: \$15,764,009

Project Account Balance, including fiscal year 2020-21 allocation: \$511,040,991

Year 7 Contract: \$8,990,000 (\$14,330,000 total - \$5,340,000 program management (469981) charges)

Remaining Budget: Sufficient funding is available in each project to fund the planned costs of other project tasks

ENVIRONMENTAL DETERMINATION:

In accordance with Section 15061 of the CEQA guidelines, Council approval of Amendment No. 6 to the Agreement between the City and CH2M is exempt from CEQA review in that it can be seen with certainty that entering into a professional services agreement for program management will not have a significant effect on the environment.

NOTICE PROVIDED

All meeting noticing requirements were met.

ATTACHMENTS

Att 1 – Amendment No. 6 with Exhibits A and C

Att 2 – Memo Clean Water Program Management Budget and Costs

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