



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow
Matt Cano

SUBJECT: SEE BELOW

DATE: October 21, 2020

Approved

Date

11/3/2020

SUBJECT: 9443 – MASTER CONSULTANT AGREEMENTS WITH PROJECT CONTROLS JOINT VENTURE LLC AND PMA CONSULTANTS LLC FOR CONSTRUCTION MANAGEMENT CONTROLS SERVICES FOR THE SAN JOSE-SANTA CLARA REGIONAL WASTEWATER FACILITY CAPITAL IMPROVEMENT PROGRAM

RECOMMENDATION

Approve Master Consultant Agreements with Project Controls Joint Venture LLC and PMA Consultants LLC for construction management controls services for various capital improvement projects at the San José-Santa Clara Regional Wastewater Facility from the date of execution through June 30, 2026 in amounts not to exceed \$6,000,000 each, subject to the appropriation of funds.

OUTCOME

Approval of the master consultant agreements will supplement the existing construction management team with construction management controls services for a variety of projects for the Capital Improvement Program (CIP) at the San José-Santa Clara Regional Wastewater Facility (RWF). Approval of these master consultant agreements will not result in any physical changes to the environment, as the City Council will need to take additional actions before construction on any capital project commences.

BACKGROUND

The RWF is an advanced wastewater treatment facility that treats an average of 110 million gallons per day of wastewater collected from eight South Bay cities and four special districts. A majority of infrastructure at RWF is more than 50 years old and has exceeded its useful life. The RWF is currently undertaking numerous projects under the CIP to improve and upgrade infrastructure. The CIP includes 20 active projects that are collectively valued at more than

\$1,050,000,000 and will be under construction over the next several years. Projects range in size from \$5,000,000 to over \$200,000,000. Major projects that will soon be in construction include Advanced Facility Control and Meter Replacement – Phase 2, Digested Sludge Dewatering Facility, Facility-wide Water Systems Improvements, Filter Rehabilitation, and Yard Piping Improvements – Phase 1.

Given the size, complexity, and number of interdependent projects under construction, the RWF CIP requires program-level and project-level construction controls services to effectively understand and manage project decisions. At the program level, services include maintaining a master construction schedule identifying interfaces between projects and a master construction budget tracking overall construction spending trends against award, providing oversight over multiple project-level schedules, and providing claim mitigation support. At the project level, services include analyzing monthly schedules provided by contractors, providing schedule trend and variance reports, and reviewing change orders and claims. Successful application of these services is a project delivery best practice and will help the City manage and mitigate schedule delays and additional costs stemming from change orders and claims.

ANALYSIS

The next four years will be the peak of construction activity for the RWF CIP and will require significant resources with expertise, experience and capacity to effectively manage the workload. Employing third-party construction management controls services to supplement existing resources is common on large capital programs. These services require resources not currently available within existing City staff.

On March 13, 2020, the City issued a Request for Quote (RFQ) seeking up to two firms for as-needed construction management controls services for various projects at the RWF. The RFQ was specifically focused on consultants with previous construction management controls experience in wastewater facilities. The City received three responsive Statements of Qualifications (SOQs) by the May 7, 2020 submittal deadline from the following firms:

- CAPO Project Group, LLC (CAPO)
- PMA Consultants, LLC (PMA)
- Project Controls Joint Venture, LLC (PCJV)

A Technical Evaluation Panel (TEP) was formed with individuals from the Environmental Services Department and Public Works Department to evaluate the SOQs following procedures outlined in the RFQ. Each TEP member evaluated the SOQs using a consistent scoring matrix based on the firm's expertise, experience, approach, cost, and Local/Small Business Enterprise (LBE/SBE) status. Each firm's total score was the sum of their SOQ score that included any LBE/SBE status points and their interview score.

Next, the three firms were interviewed using a consistent format and common questions. Each firm’s performance was scored using an established scoring matrix. The interview score was then added to the SOQ score to arrive at each firm’s total score.

A summary of the scoring categories is as follows:

Evaluation Categories	Possible Points
Proposal Responsiveness	Pass/Fail
Expertise	40
Experience	30
Approach	30
Cost Form	20
Local Business Enterprise (LBE)	10
Small Business Enterprise (SBE)	10
Interview	60
TOTAL	200

All three firms met the minimum qualifications and passed the proposal responsiveness requirement. All firms were evaluated on their resources, experience, and approach to construction management controls services. On July 29, 2020, the City posted the Notification of Final Ranking on Bidding. After posting the final rankings, an additional review discovered that the SOQ score for one firm had been revised after the score submission deadline. On August 3, 2020, the City posted a revised Notice of Final Ranking that included the correct SOQ score. The correction did not affect the rankings of the three firms.

Rank	Firm	Expertise	Experience	Approach	Cost	LBE	SBE	Interview	Total
1	PCJV	37.17	28.17	24.66	15	10	0	45.67	160.67
2	PMA	30.37	19.67	23.66	10	10	0	48.00	141.70
3	CAPO	30.67	21.00	23.50	20	0	0	45.67	140.84

In accordance with City policy, ten percent of the total evaluation points were reserved for local (LBE) and small business enterprise (SBE) status. PCJV and PMA qualified for LBE points, but none of the firms qualified for SBE status.

CAPO submitted letters of protest on August 7 and August 25, both of which were rejected by the City for noncompliance with the protest requirements as specified in San Jose Municipal Code Section 4.12.430. CAPO’s letters contained requests for information, and as such were handled by Public Works staff as Public Records Act Requests and responsive, disclosable records were provided to the firm after the City issued the Notice of Intent to Award.

Staff recommends awarding one Master Consultant Agreement in an amount not to exceed \$6,000,000 and a duration of six years to each of PCJV and PMA. Currently, approximately \$350 million worth of construction costs are estimated through 2026 on the RWF CIP. The

proposed amount for the agreements will support the full range of services required for program-level and project-level controls support.

Both firms have proven track records and experience providing construction management controls services for similar municipalities and programs of comparable size of the RWF CIP.

PCJV, the top-ranked firm, is a partnership between two women-owned small businesses: Quest Project Controls, Inc. dba CM Solutions and TD Thornton. PCJV has provided project controls and management services for the delivery of major water and wastewater projects for owners, construction managers, and general contractors. Since 2004, PCJV has delivered more than \$2.3 billion in water and wastewater projects in California, including the nearly \$200 million Riverside WQCP Plant Expansion, Phase 1 Project completed in 2018.

PMA, the second-ranked firm, is a national minority firm that has consistently ranked in the Engineering News-Record top 50 Construction Management firms since 2000. PMA has provided scheduling, cost control, estimating, and claims consulting services to wastewater facility owners on programs and projects with construction values from multi-millions to multi-billions of dollars. Earlier this year, PMA completed work on the \$75 million SFO Mel Leong Wastewater Treatment Plant progressive design-build project.

Both firms will be compensated based on their actual hourly wages times a multiplier for onsite and offsite staff. The multipliers are based on an independent auditor's financial report, and in addition to the firms' direct labor cost, the respective multipliers cover all the firms overhead (e.g. fringe benefits, payroll taxes, group insurance, building/rental expenses, etc.) associated project cost (e.g. computer equipment, network, and telecommunications expenses, routine printing and copying, etc.), and profit limited to 10 percent under the master agreement.

Both firms provided two proposed multipliers, one for offsite employees working from their home offices, and one for onsite employees who will be located at the RWF full time to oversee day to day project progress. The different multipliers reflect the fact that the City will be providing certain office support to individuals that work onsite full time, and therefore, the consultants will not incur the same overhead expenses and associate project costs for these individuals. The proposed multipliers are summarized below:

Firm	Onsite Multiplier	Offsite Multiplier
PCJV	2.16	2.38
PMA	2.37	2.69

The master consultant agreements also allow the firms to receive compensation for pre-approved subconsultants and contract personnel, as well as certain reimbursable expenses like travel expenses. Staff will work with the consultants to ensure that travel expenses are kept to a minimum to support the projects. All travel expenses must be consistent with the CIP Consultant Travel Policy adopted by the RWF CIP, which covers reimbursement for travel expenses not covered by the City's Employee Travel Policy.

The City will issue service orders for work under the master consultant agreements. The City will issue the service orders on a rotational basis between the two firms with the first service order to be negotiated with the top-ranked firm. However, the City may elect to issue a service order outside of the rotation for urgent work or other special circumstances (e.g., certain expertise, the familiarity of a previous project, staff availability, etc.). The scope of services will be based on an integrated team approach between City staff and the consultant. For each service order, staff will negotiate the scope of services, deliverables, schedule, and cost with the selected firm. The term of the agreement will be from execution date through June 30, 2026 unless terminated earlier according to its terms.

CONCLUSION

Staff believes the top two firms have the necessary expertise and experience to perform the work and staff recommends awarding a master consultant agreement to PCJV and PMA. These specialty services firms providing scheduling, cost controls, estimating, and claims analysis will be available to support the RWF capital program through June 2026 to augment the construction management teams delivering projects on the program. Utilizing two firms ensures that the RWF has adequate resources and is able to respond quickly and professionally to project challenges and program support issues.

EVALUATION AND FOLLOW-UP

No additional follow-up action with the City Council is expected at this time. All service orders issued under these master consultant agreements over \$100,000 in value will be reported to the Treatment Plant Advisory Committee (TPAC) on the monthly summary of procurement and contract activity. A progress report on RWF capital projects will be made to TPAC, the Transportation and Environment Committee and the City Council on a semiannual basis. Monthly progress reports of the RWF CIP will also be submitted to TPAC and posted on the City's website.

CLIMATE SMART SAN JOSE

The master consultant agreements will not affect energy or water consumption. The recommendation in this memo will have no effect on Climate Smart San José energy, water, or mobility goals.

POLICY ALTERNATIVES

Alternative 1: Direct City staff to provide the required services with in-house resources.

Pros: Provides additional work opportunities for Public Works staff and would further develop skills in construction management and inspection.

Cons: Public Works does not possess the technical expertise needed to provide the services for the anticipated projects. Recruitment and training efforts would need to increase significantly and immediately while construction work is already underway. Specialized expertise such as management of construction scheduling interfaces between multiple large projects building critical infrastructure in a space-limited environment may be difficult to recruit.

Reason for not recommending: The City would need to hire multiple new staff members with specialized expertise in activities associated with large capital improvement programs. This would add time and cost to projects and would likely result in needing to release newly hired staff at the completion of these projects, when their services would no longer be required.

PUBLIC OUTREACH

The Request for Qualifications was advertised Bidding.com on March 13, 2020 and in the San José Post Record. This memorandum will be posted on the City's Council Agenda for the November 17, 2020 City Council meeting.

COORDINATION

This project and memorandum have been coordinated with the City Manager's Budget Office and the City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

This item is scheduled to be heard at the November 12, 2020 TPAC meeting. A supplemental memo with the committee's recommendation will be included in the amended November 17, 2020 City Council meeting agenda.

FISCAL/POLICY ALIGNMENT

Construction of CIP projects is consistent with the City Council's approved budget strategy to focus on rehabilitation of aging RWF infrastructure, improve efficiency, and reduce operating costs. This work is also consistent with the budget strategy principle of focusing on protecting vital core services.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION: \$12,000,000

Project Controls Joint Venture, LLC. \$6,000,000
PMA Consultants, LLC \$6,000,000
TOTAL AGREEMENT AMOUNT \$12,000,000

2. COST ELEMENTS OF AGREEMENT/CONTRACT: The consultant's services are reimbursed on actual hourly wages times a multiplier, which is based on an independent auditor's financial report and will not change during the term of the master agreement. The firms are also compensated for pre-approved subconsultants and contract personnel, as well as certain reimbursement expenses.

3. SOURCE OF FUNDING: 512 - San Jose/Santa Clara Treatment Plant Capital Fund.

4. FISCAL IMPACT: This work is funded through the San José-Santa Clara Treatment Plant Capital Fund and will have no impact on the San José-Santa Clara Treatment Plant Operating Fund (Fund 513) or the General Fund.

5. PROJECT COST ALLOCATION: In accordance with the recommendations set forth in the Capital Project Cost Allocations Technical Memo (Carollo Engineers, March 2016), the cost for programmatic services will be allocated between the four billable parameters relative to the rolling weighted average distribution of all RWF assets. For services performed for a specific project, the cost will be allocated in accordance with the allocations for that project.

BUDGET REFERENCE

Services performed by the Consultants under this agreement will be authorized by service orders. An appropriation is not required for the execution of these master consultant agreements but is required for each service order authorized under these agreements. Future funding is subject to appropriation and, if needed, will be included in the development of future year budgets during the annual budget process.

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CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment. The projects that will be assigned to construction management consultants will have undergone CEQA approval on a project-by-project basis.

/s/

KERRIE ROMANOW

Director, Environmental Services

/s/

MATT CANO

Director, Public Works

For questions, please contact Napp Fukuda, Assistant Director of the Environmental Services Department, at (408) 793-5353.