



COUNCIL AGENDA: 06-12-07
ITEM: 2.9

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen

**SUBJECT: HIGHWAY 87 DETOUR II
SANITARY SEWER
RECONSTRUCTION PHASE II**

DATE: 05-21-07

Approved

Date 5/31/07

COUNCIL DISTRICT: 3

RECOMMENDATION

Approval of the third amendment to the agreement with RMC Water and Environment (RMC) for consultant services for the Highway 87 Detour II Sanitary Sewer Reconstruction Phase II Project, extending the term of the agreement from June 29, 2007 to June 30, 2010, and increasing the cost of the agreement in the amount of \$275,000 for a total cost of \$958,016.

OUTCOME

Extending the term of the agreement with RMC will allow the firm to continue providing environmental permitting, engineering design and construction support services for the project.

BACKGROUND

The subject project constructs twin 42-inch diameter sanitary sewer siphons beneath the Guadalupe River and Highway 87 to replace older sewers that have been impacted due to the construction of Highway 87. Caltrans and the City entered into a utility relocation agreement in June 2002, whereby Caltrans reimburses the City for all appropriate design and construction costs for the new facilities. The utility relocation agreement was amended on June 8, 2005 to provide additional funding.

On June 25, 2002, Council approved an agreement with RMC for engineering design and construction support services in the amount of \$683,016. The term of the agreement was from June 25, 2002 to December 31, 2005.

On December 16, 2005, the Director of Public Works approved the first amendment to the agreement extending the term 180 days for an expiration date of June 29, 2006.

On June 27, 2006 the second amendment was approved by Council and acknowledged the Consultant's name-change and extended the term of the agreement to June 29, 2007 with no additional cost.

ANALYSIS

The construction project involves the abandonment of the existing siphon and sewer mains and construction of the new system installed with a microtunneling machine under the Guadalupe River and Highway 87. Microtunneling operations began in November 2005. Within the first week, the contractor's launching pit flooded, and it is believed that efforts to dewater the pit froze the pipe in place, leaving the microtunneling machine immobile under the east bank of the Guadalupe River.

A recovery pit needs to be installed to retrieve the tunneling machine which is located approximately 20 feet below the river bottom. The construction of the recovery pit will require diverting the Guadalupe River, which in turn requires a new CEQA document and multiple permits from various regulatory agencies. This unforeseen work is not included in RMC original scope of services and hence requires an amendment to the original agreement. In addition, a time extension to the agreement is necessary for RMC to assist staff with the additional work to complete the project.

RMC submitted a fee of \$275,000 which includes the environmental subconsultant's fee to prepare impact studies, preparation of environmental clearances and mitigation documents, coordination with regulatory agencies, and technical support during the construction of the recovery pit. The consultant's labor rate schedule, as applied to the estimated time for applicable tasks within the scope, staff finds reasonable.

RMC was originally selected to provide engineering design and construction support services for this project through the City's 1987 Policy for Selecting Architectural and Engineering Consultants by the Department of Public Works. In August 2001, RMC and 18 other firms submitted statements of qualifications to provide services that are related to major interceptor pipeline design, sanitary sewers, storm drains, pump stations, and miscellaneous pipeline projects. These firms were placed on a "ranking" list based on their SOQ's. The top five ranking firms were then selected to go through an oral interview selection process where RMC was selected for the project.

RMC is very familiar with the project due to its involvement with the development and preparation of alternative designs, final design and plans and specifications for the project as well as providing construction support services for the project. They are also a local company. Due to the complexity of the unforeseen work that has arisen with this project and the urgent need to complete the CEQA documents quickly, staff is recommending that the additional services described above be added to the existing agreement through the proposed amendment rather than soliciting a new consultant under the Qualifications Based Consultant Selection Policy.

POLICY ALTERNATIVES

Not applicable.

PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater; **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

While this action does not meet the \$1 million threshold for Criteria 1, this memorandum will be posted on the City's website for the June 12, 2007 Council agenda. This project was listed on the City's Internet Bid Line and advertised in the *San José Post Record*. Bid packages for all Department of Public Works construction projects are provided to various contractor organizations and builder's exchanges.

COORDINATION

This project and memorandum have been coordinated with the Departments of Planning, Building and Code Enforcement, Finance, City Manager's Budget Office and City Attorney's Office.

FISCAL/POLICY ALIGNMENT

This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy.

COST IMPLICATIONS

1. AMOUNT OF RECOMMENDATION: \$275,000

2. COST ELEMENTS OF THE AGREEMENT:

Original Consultant agreement	\$683,016
First Amendment to the agreement	0
Second Amendment to the agreement	0
Third Amendment to the agreement	<u>275,000</u>
Total	\$958,016

3. SOURCE OF FUNDING: 545 - Sewer Service and Use Charge Capital Improvement Fund
540 - Sanitary Sewer Connection Fee Fund

4. OPERATING COSTS: The proposed operating and maintenance costs of the project will have no significant adverse impact on the General Fund operating budget.

BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	RC #	Total Appn.	Amount of Third Amendment to the Agreement	2006-2007 Adopted Budget (Page)	Last Budget Action (Date, Ord. No.)
540	4273	Preliminary Engineering	108163	\$ 75,000	0	Capital V-83	10/17/06, Ord. No. 27888
545	4271	Miscellaneous Rehabilitation Projects	108163	\$5,871,000	\$275,000	Capital V-74	10/17/06, Ord. No. 27888

CEQA

CEQA: Mitigated Negative Declaration, PP03-12-378.

KATY ALLEN
Director, Public Works Department

For questions please contact TIMM BORDEN, DEPUTY DIRECTOR, at 535-8300.