



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Stufflebean

SUBJECT: SEE BELOW

DATE: 6-5-06

Approved

Date

6/11/06

COUNCIL DISTRICTS: Citywide

SUBJECT: REPORT ON PROPOSALS AND AWARD OF CONSULTANT AGREEMENT FOR HYDRAULIC MODELS, WATER SYSTEM MASTER PLANS AND MAJOR WATER FACILITIES FEES DEVELOPMENT AND UPDATE PROJECT

RECOMMENDATION

Report on proposals and award of consultant agreement for Hydraulic Models, Water System Master Plans and Major Water Facilities Fees Development and Update project to Olivia Chen Consultants, Inc., for the term of August, 2006 to May, 2007, in an amount not to exceed \$450,420.

OUTCOME

Council approval of the recommended consultant agreement will allow for consolidation of hydraulic models for San Jose Municipal Water System's (SJMWS) potable system and the South Bay Water Recycling (SBWR) system into one, in-house operated software program; creation of a Capital Improvement Master Plan; updating of the schedule for Major Water Facilities Fees (MWFF) for the potable system; and evaluation of MWFF schedule options for recycled water service within the SJMWS service area. Upon completion of this project, the proposed MWFF schedules for the potable and recycled systems in SJMWS's service areas will be submitted to Council for consideration and approval.

BACKGROUND

Hydraulic models currently exist for two of the four SJMWS potable service areas, Evergreen and North San Jose/Alviso, and for the SBWR system. Prior to 2002, all hydraulic models were operated under consultant agreements. A hydraulic model for the SBWR system was created by

a consultant using H20Net software, and has been operated when needed by consultants. The Evergreen hydraulic model was first developed in 1989, and is currently operated under contract with a consulting firm using WaterCAD software. The North San Jose/Alviso hydraulic model pilot project, completed in 2002, sought to in-source hydraulic modeling. Under this project, a consultant created a model for the North San Jose/Alviso area using H20Map software and provided staff training. The model is now operated by SJMWS staff.

The North San Jose/Alviso pilot project sought to explore in-sourcing the operation of one of the hydraulic models, consistent with current City policies, to evaluate the efficiency and cost-effectiveness of operating all hydraulic models in-house. The pilot project proved to be successful, resulting in faster turnaround of hydraulic modeling tasks with accuracy comparable to that of the consultant, with the added benefit of lower costs of model operation.

Having successfully completed the hydraulic model pilot project, SJMWS staff advertised to seek proposals for professional services to consolidate the hydraulic models for SJMWS's potable system and the SBWR system into one software platform, allowing for in-house operation of each of the hydraulic models by City staff in order to further increase efficiency and cost effective service delivery. During the course of the project, the consultant will convert hydraulic models for the SBWR system and the Evergreen and North San Jose/Alviso service areas, and will provide the necessary guidance to City staff to assist in the City's creation of models for the Coyote Valley and Edenvale service areas.

The hydraulic models created during the project will also be used by the consultant to create a Capital Improvement Master Plan, update the schedule for MWFFs for the potable system, and develop alternatives for potential fees to expand the SBWR system. Upon completion of the project, all hydraulic models will be operated in-house by SJMWS staff. Staff will have the Capital Improvement Master Plan and MWFF schedules and alternatives to evaluate and present to Council for recommended action.

ANALYSIS

In January 2006, a Request for Proposal (RFP) process was initiated to consolidate hydraulic models for San Jose Municipal Water System's (SJMWS) potable system and the South Bay Water Recycling (SBWR) system into one, in-house operated software program; create a Capital Improvement Master Plan; update the schedule for Major Water Facilities Fees (MWFF) for the potable system; and evaluate MWFF schedule options for recycled water service within the SJMWS service area. The RFP was advertised on the Public Works Bid Hotline and the Environmental Services RFPs/Bid website, and was published in the San Francisco Chronicle, San Jose Mercury News and San Jose Post Record. As a result of this outreach, three companies submitted responsive proposals.

The RFP process included the following steps:

- A formal written question and answer period was incorporated into the process to allow for clarifications of any ambiguity in the RFP. A written response addressing all of the written vendor questions was made available to all participants.
- All proposals were evaluated relative to the minimum requirements set forth in the RFP.
- Oral interviews were held with all participants that submitted proposals meeting the minimum requirements set forth in the RFP.

Prior to the receipt of the proposals an evaluation methodology was established. It was determined prior to receipt of proposals that the proposal evaluation would constitute 33% of the total evaluation score and oral interview evaluations would constitute 66% of the evaluation score. Up to an additional 10% of the total evaluation score was added for local and small business preference. It should be noted that while budget estimates were submitted as part of the original proposals, the estimates were not considered during consultant evaluations.

The general criteria, as set forth in Municipal Code 4.13.040, used for the evaluation of the technical proposals were:

- Capabilities and expertise of the consultant
- Ability of the consultant to perform the services
- Past experience with similar projects
- Quality of the proposed service proposal
- Adjustments for Local and Small Business Enterprise Preference

An evaluation panel representing the City's Public Works and Environmental Services Departments evaluated each proposal and were present for oral interviews.

EVALUATION SUMMARY

The scores from the written proposals and oral interviews were compiled to a total technical score upon completion of all interviews. 100 points were allocated for the proposal evaluation portion of the evaluation and 200 points were allocated for the oral interview portion of the evaluation. The table below represents the technical scores, the point additions in accordance with the local and small business preference ordinance, as well as the total score for each vendor. For reference, the preliminary budget estimates submitted by the consultants are given; however, please note that the budget estimates were not used in the scoring of consultant proposals and the estimates as shown do not account for an additional 40 hours of work that will need to be provided by a subconsultant for one of the project tasks detailed in the RFP. Only one firm that submitted a proposal requested points as a small or local business in accordance with the City's ordinance.

TECHNICAL RANKING

COMPANY	Technical Score	Local Business Preference	Small Business Preference	Total Score	FINAL RANK	Budget Estimate*
MWH Americas, Inc.	270	0	0	270	1	\$319,900
Olivia Chen Consultants, Inc. (OCC)	261	0	0	261	2	\$658,018 (450,420)
Schaaf & Wheeler Consulting Civil Engineers	176	17	17	210	3	\$568,656

* Budget information is each proposer's initial estimated budget. Potential cost is not a factor in developing the Technical Ranking. In this case, when SJMWS entered into negotiations with OCC, the actual contractual amount agreed upon was \$450,420.

SUMMARY

Based on a complete evaluation of all proposals, MWH was the highest-ranking consultant. SJMWS staff began the contract negotiation process with MWH. However, before these negotiations could be completed, SJMWS received notice from MWH that the proposed project manager and chief modeler had recently left the company, and that other staff would therefore need to be substituted for this project. The magnitude of the proposed change in staff was determined to, in effect, constitute a withdrawal of MWH's original proposal and the untimely submission of a new proposal.

After determining that MWH had in effect withdrawn its proposal, SJMWS staff initiated contract negotiations with the next highest-ranked consultant, OCC, whose total evaluation score was very close to the MWH ranking. Based on these negotiations, OCC revised its estimated budget for this project from \$658,018 to \$450,420. SJMWS and OCC have negotiated a contract in an amount not to exceed \$450,420.

ALTERNATIVES

The alternative to the recommended action is to reject all proposals and re-release the RFP to solicit new proposals. Based on MWH's statements regarding its proposed budget, staff believes it unlikely that the City would receive budget proposals comparable to MWH's original submittal if the RFP were re-released. Therefore, staff has concluded that rejection of all proposals and re-release of the RFP would delay the project schedule, without any significant

impact on either the number of proposing firms or the project budget amount as compared to the recommended consultant.

PUBLIC OUTREACH

The RFP was published in the San Jose Post Record on January 24, 25, and 27, and in the San Jose Mercury News and San Francisco Chronicle on January 25, 26, and 27. The RFP was also advertised on the Public Works Bid Hotline and the Environmental Services RFPs/Bid website.

COORDINATION

This project has been coordinated with Risk Management, Equality Assurance, the City Manager's Budget Office, and the City Attorney's Office. This item is scheduled to be heard at its June 8, 2006 Treatment Plant Advisory Committee (TPAC) meeting.

COST IMPLICATIONS

- | | | |
|----|---------------------------|-----------|
| 1. | AMOUNT OF RECOMMENDATION: | \$450,420 |
| 2. | COST OF PROJECT: | \$450,420 |
| | Prior Year Expenditures | \$0 |

REMAINING PROJECT COSTS \$450,420

3. SOURCE OF FUNDING:

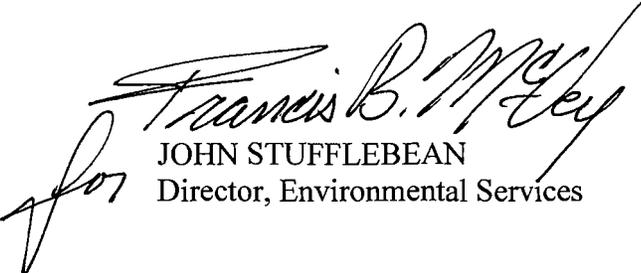
Fund 500 – Water Utility Capital Fund
Fund 513 – San Jose/Santa Clara Treatment Plant Operating Fund
Fund 502 – Major Facilities Fee Fund

BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	Total Appn.	Amount for Contract	2005-2006 Adopted Capital Budget (Page)	Last Budget Action (Date, Ord. No.)
Remaining Project Costs				\$450,420		
Current Funding Available						
500	5164	Evergreen Hydraulic Model	\$200,000	\$195,000	V-291	
500	4349	Master Plan Engineering	\$60,000	\$22,751	V-294	
502	4955	MWFF Update	\$80,000	\$80,000	V-293	
513	0762	ESD Non-Personal/Equipment	\$29,450,295	\$152,669	2005-2006 Adopted Operating Budget, Pg. XI-68	2/14/06, Ord. 27665
Total Current Funding Available			\$29,730,295	\$450,420		

CEQA

Not a project.


 JOHN STUFFLEBEAN
 Director, Environmental Services

For questions, please contact Bob Wilson, Senior Engineer, at 277-3671

**SAN JOSÉ / SANTA CLARA
WATER POLLUTION CONTROL PLANT**

June 5, 2006

TREATMENT PLANT ADVISORY COMMITTEE

The Honorable Mayor and City Council
City of San Jose
200 East Santa Clara Street
San Jose, CA 95113

Dear Mayor Gonzales and City Council:

At its meeting of June 8, 2006, the Treatment Plant Advisory Committee (TPAC) reviewed the items concerning the Water Pollution Control Plant on the San Jose City Council agenda for June 27, 2006.

This item is listed below along with the TPAC recommendation for San Jose City Council action.

Report on Proposals

1. Report on proposals and award of consultant agreement for Hydraulic Models, Water System Master Plans and Major Water Facilities Fees Development and Update project to Olivia Chen Consultants, Inc., for the term of August, 2006 to May, 2007, in an amount not to exceed \$450,420

Approval of an Agreement

2. Approval of an agreement with Santa Clara Valley Water District for cost sharing associated with implementation of water conservation programs in FY 2006-2007, under which the City will receive an amount not to exceed \$280,000 from Santa Clara Valley Water District and Santa Clara Valley Water District will be paid an amount not to exceed \$479,821 by the City, for a net cost to the City of \$199,821.

Approval of Award of Open Purchase Orders

3. Approval of award of open purchase orders for supplies, materials, equipment and services for FY 2006-2007 #1 and authorization for the Director of Finance to execute the purchase orders.

Sincerely,



Patricia Mahan, Chairperson
Treatment Plant Advisory Committee

