



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Katy Allen

**SUBJECT:** SEE BELOW

**DATE:** 05-19-08

Approved

Date

5/22/08

**COUNCIL DISTRICT:** Various

**SUBJECT: FIRST AMENDMENT TO MASTER AGREEMENT WITH CH2M HILL, INC. FOR VARIOUS CITY TRAIL PROJECTS**

## RECOMMENDATION

Approval of the first amendment to the master agreement with CH2M HILL, Inc. for engineering services for various City trail projects increasing the total compensation by \$1,500,000, for a total agreement amount of \$3,500,000, in order to fund services for the Lower Guadalupe River Trail.

## OUTCOME

Approval of the first amendment to the subject agreement will allow the City to execute a service order to proceed with the development of the Lower Guadalupe River Trail Project which is eligible for reimbursement through the Federal Transportation Bill.

## EXECUTIVE SUMMARY

City staff recommends the approval of the first amendment to the master agreement with CH2M HILL, Inc. for engineering services for various City trail projects. The increased compensation amount will enable the City to execute service orders for CH2M HILL, Inc. to continue with the development of the Lower Guadalupe River Trail, with which they have been involved for nine years. Under these service orders, CH2M HILL, Inc. will prepare the Federal environmental clearance documents and the construction documents for the Lower Guadalupe River Trail, and provide bid and construction management assistance. This work, as well as construction of some of the trail, is funded by a Federal grant.

## BACKGROUND

The Lower Guadalupe River Trail project is a 6.6 mile trail system that will link Gold Street in Alviso to the existing Guadalupe River Park at Highway 880. Over the past nine years, CH2M

HILL, Inc. has had extensive experience working with both the Santa Clara Valley Water District (SCVWD) and the City on this project. To date, the City has executed one agreement and two service orders under two separate master agreements for work on the Lower Guadalupe River Trail project for a total of \$653,730:

- In 1998, the SCVWD selected CH2M HILL to provide engineering and environmental study services for the planning, design and construction of the Lower Guadalupe River Flood Protection Project, the purpose of which was to improve the flood flow capacity of the Guadalupe River. The flood protection project, which anticipated the possibility of trail development, involved the same portion of the Guadalupe River over which the Lower Guadalupe River Trail is now planned.
- On March 17, 2004, the City following the competitive selection procedures contained in the Qualifications Based Consultant Selection Policy ("QBCS") entered into an agreement for \$360,000 with CH2M HILL to prepare the master plan, the environmental review documents and 35% construction documents for the Lower Guadalupe River Trail project. The master plan was approved by the City Council on June 21, 2005.
- On May 5, 2005, Council approved a master agreement with CH2M HILL, again selected based on the competitive selection procedures contained in the QBCS, for an amount not to exceed \$850,000 for engineering support services on various City trail projects. A service order in the amount of \$151,900 issued under this master agreement was for the preparation of construction documents for the Airport Parkway Under-crossing, which is a part of the Lower Guadalupe River Trail and the last remaining barrier for continuous trail access along the Lower Guadalupe River interim trail.
- On June 20, 2006, Council approved another master agreement with CH2M HILL, again selected based on the competitive selection procedures contained in the QBCS, for an amount not to exceed \$2,000,000, for engineering support services on various City trail projects. The Council action approving the master agreement identified the Lower Guadalupe River Trail as one of six future trail projects that required the services of an engineering consulting firm.
- To date, seven service orders have been issued under the June 20, 2006 master agreement; one of these in the amount of \$141,830 was for CH2M HILL to prepare additional design work on the Airport Parkway Under-crossing and to provide construction assistance for the project. CH2M HILL completed the construction documents in February 2007, and construction of this project was completed in December 2007. The recommendation is to amend this master agreement so that CH2M HILL, Inc. can complete the 35% construction documents that it previously prepared for the Lower Guadalupe River Trail project.

On February 26, 2008, Council approved an appropriation ordinance and funding source resolution amendment to support the use of Federal funding for four trail projects. This funding

is a result of the Federal transportation reauthorization, known as SAFETEA-LU (Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users), signed by President Bush in August 2005. The bill included four earmarks for the City of San José. One of these earmarks, in the amount of \$6,039,000, is for the preparation of environmental clearance documents (both California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA)), construction documents and partial construction of the Lower Guadalupe River Trail project.

Caltrans administers the SAFETEA-LU funds on behalf of the Federal government. In April 2007, staff submitted the required forms to Caltrans to obtain approval to begin design work. Caltrans granted approval to begin work on the Lower Guadalupe River Trail project using CH2M HILL, Inc. as a consultant on March 14, 2008.

### ANALYSIS

When the Request for Qualifications (RFQ) for the June 20, 2006 master agreement was issued, staff used its best judgment to determine the dollar amount needed to complete the original six trail projects as described in the City Council memo seeking approval of that master agreement. Subsequent to the approval of the June 20, 2006 master agreement, the scopes for the projects became more defined as a result of the increased state and federal regulatory measures. These measures have resulted in significantly higher consultant and staff costs than originally anticipated for all trail projects.

To date, seven service orders (SO) have been issued to CH2M HILL pursuant to the June 20, 2006 master agreement for various trail projects for a total of \$1,725,235 leaving a balance of \$274,765. As mentioned above, one of the service orders was for the provision of additional design work and construction assistance for the Airport Parkway Under-crossing project.

CH2M HILL has proposed a fee of \$1,587,600 to prepare the NEPA environmental documents and complete the construction documents for the 6.6 mile Lower Guadalupe River Trail, resulting in a shortfall of \$1,312,835 in the master agreement. The fee breakdown is as follows:

Task	Fee
Preparation of NEPA environmental clearance documents	\$188,140
Survey, Geotechnical work, Utility coordination	\$261,730
Preparation of 65% complete construction documents for the 6.6 mile alignment (approximately 135 plan sheets)	\$471,765
Preparation of 95% complete construction documents for the 6.6 mile alignment (approximately 135 plan sheets)	\$431,350
Evaluate the construction cost for the 6.6 mile alignment and the construction budget and re-package construction documents to reflect the portion of the trail that is funded for construction.	\$234,630
Obtain construction permits.	
TOTAL Service Order	\$1,587,615

Staff has reviewed this proposal, compared it with past trail projects prepared by consultants and finds it to be within the acceptable range for a project of this magnitude.

Staff is recommending amending the June 20, 2006 master agreement with CH2M HILL to increase the total compensation by \$1,500,000. These funds would be used *exclusively* for the Lower Guadalupe River Trail project. The additional funds would enable the City to move forward with the preparation of Federal environmental documents and completion of the 35% construction documents as well as bid and construction management assistance for the Lower Guadalupe River Trail rather than proceeding with a new competitive process to select a consultant for this work. CH2M HILL possesses unique qualifications for the knowledge gained from delivering the following projects related to the Lower Guadalupe River Trail project:

- CH2M HILL prepared the flood control improvement construction documents for the Santa Clara Valley Water District (SCVWD) within the Lower Guadalupe River Trail project area.
- CH2M HILL prepared the master plan and California Environmental Quality Act (CEQA) clearance document for Lower Guadalupe River Trail project.
- CH2M HILL prepared the construction documents to the 35% stage for the Lower Guadalupe River Trail project.
- CH2M HILL prepared the construction documents and provided construction management support services for the recently constructed Airport Parkway Under-crossing project which is an integral connection in the Lower Guadalupe River Trail.

In short, it would not be practicable at this point to use a different consultant for this trail project. On March 14, 2008, Caltrans granted approval to begin work on the Lower Guadalupe River Trail project using CH2M HILL as a consultant.

The Federal earmark funding and City matching funding will provide sufficient resources for the development of the following project elements related to the Lower Guadalupe River Trail project:

- National Environmental Policy Act (NEPA) documentation
- Construction documents (100% stage of development) from Highway 880 to Gold Street
- Bid and construction management assistance

Therefore, staff recommends amending the CH2M HILL, Inc. master agreement to add \$1,500,000 for a total agreement amount of \$3,500,000 for the Lower Guadalupe River Trail project.

#### **EVALUATION AND FOLLOW-UP**

This first amendment to the master agreement will provide staff with the ability to engage the services of CH2M HILL, Inc., on an as-needed basis for the Lower Guadalupe River Trail

project, thereby enabling a more cost effective and timely delivery of this Federally funded trail project.

It is anticipated that the NEPA clearance and construction documents will be completed and all permits obtained by the winter of 2012. Staff would be seeking Council's approval for an award of a construction contract in early spring of 2012.

### **POLICY ALTERNATIVES**

**Alternative #1:** Use of City staff for design services.

**Pros:** Design work would be accomplished by City staff.

**Cons:** Staff does not possess the appropriate technical capability across the broad range of required expertise to forego outside assistance. Reliance solely on City resources could well jeopardize the successful implementation of Federally-funded trail projects.

**Reason for not recommending:** Trail projects require a broad set of professional expertise. An extensive City staff would be needed to cover varied areas of engineering expertise such as: geotechnical, civil, hydraulic and structural engineering. Because the demand for services for trail projects in these diverse areas varies, the workload generated by trail projects in each of these disciplines is projected to be intermittent and would not be sustainable throughout the year. Accordingly, it is recommended that the partnership effort previously described be approved to assure efficient and timely accomplishment of these engineering services and to not jeopardize the Federal funding for this project.

**Alternative #2:** Pursue a new consultant selection process and enter into a new master agreement with the top ranked consultant firm.

**Pros:** Provides opportunity for greater private-sector participation in project development.

**Cons:** CH2M HILL has worked on various aspects of the project for 9 years, giving it a unique level of experience. Moreover, the consultant selection process requires approximately six months for staff to complete. Because federal funding supports the project, Caltrans approval for this process would need to be obtained prior to initiating the process and selecting a new consultant.

**Reason for not recommending:** CH2M HILL has unique knowledge of the project over any other consultant. Moreover, Caltrans' process to approve the authorization of CH2M HILL required one year; therefore, it is likely that the pursuit of new consultant selection process and the process for Caltrans approval of the new consultant would add a minimum of a one year delay to the Lower Guadalupe River Trail project. Delay will likely cost the City in terms of higher construction costs and could negatively impact the planned scope of work. Additionally, since Caltrans has approved CH2M HILL and expects work to begin, it could jeopardize the Federal funding of the project as Caltrans deems projects with no reimbursement activity for six months as "inactive".

### **PUBLIC OUTREACH/INTEREST**

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 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)**
- Criterion 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)**

This memorandum meets Criterion 1 and will be posted on the City's Internet website for the June 10, 2008 Council agenda.

### **COORDINATION**

This memorandum and the first amendment to the CH2M HILL, Inc. master agreement have been coordinated with the Departments of Parks, Recreation and Neighborhood Services, Planning, Building and Code Enforcement, Finance, the City Attorney's Office and the City Manager's Budget Office. This item was also coordinated with the City's Contracting-In Committee.

### **FISCAL/POLICY ALIGNMENT**

This project is consistent with the Council-approved Budget Strategy Economic Recovery section and makes use of grant funding to spur construction. Additionally, the project is consistent with the Greenprint objective and Mayor's Green Vision of delivering a 100-mile Trail Network.

### **COST SUMMARY/IMPLICATIONS**

No funding is needed to approve the first amendment to the master agreement. Funds have been appropriated for the specific project as part of another Council action.

HONORABLE MAYOR AND CITY COUNCIL

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**Subject: First Amendment to Master Agreement with CH2M HILL, Inc. for Various City Trail Projects**

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**CEQA**

CEQA: Not a project.

*Katy Allen*

KATY ALLEN

Director, Public Works Department

For questions please contact DAVID SYKES, ASSISTANT DIRECTOR, at (408) 535-8300.

KJ:lr:jp