

City Council Report

915 I Street, 1st Floor

Sacramento, CA 95814

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File ID: 2018-01151

September 4, 2018

Consent Item 16

Title: Suspend Competitive Bidding and Approve an Alternative, Competitive Procurement Process for the McKinley Water Vault Project (Two-Thirds Vote Required)

Location: District 3

Recommendation: Pass a Resolution suspending competitive bidding, to use an alternative competitive process for the procurement of construction services for the McKinley Water Vault project.

Contact: James Yorita, Project Manager (916) 808-1911; Brett Grant, Supervising Engineer (916) 808-1413; Dan Sherry, Engineering & Water Resources Division Manager, (916) 808-1419; Department of Utilities

Presenter: None

Attachments:

1-Description/Analysis

2- Resolution

Description/Analysis

Issue Detail: Staff requests that City Council suspend competitive bidding, in the City's best interests, to implement an alternative competitive process to select a general contractor to construct the McKinley Water Vault Project (MWV). This process will allow the City to select the most qualified contractors to construct the MWV.

Policy Considerations: City staff is proposing the use of an alternative competitive procurement process for the construction work required for the MWV, utilizing Request for Proposals and Request for Qualifications (RFP/Q) processes to select the most qualified contractor to perform the work, maximize quality assurance and customer service, and to complete the MWV in a coordinated, cost-effective, and timely manner. This proposed alternative process is described in more detail in Exhibit A of the Resolution included with this report. To authorize use of such a process, City Council must suspend the City's normal competitive bidding requirement.

City Code Section 3.60.170(D) allows City Council to suspend competitive bidding for a public project upon a two-thirds vote, if City Council determines that it is in the best interest of the City to do so. City staff believes that it is in the City's best interest to suspend competitive bidding for the MWV project, so the City can use the proposed alternative process, because:

- The City's standard competitive bidding process requires bidding and contract award to a single contractor based on price alone, provided the contractor meets the minimum qualifications specified to perform the work. The City has no leeway to distinguish between bidders that meet minimal qualifications and more qualified bidders that exceed the minimum qualifications.
- Using the proposed alternative process, rather than bidding and awarding a contract based on price alone, will allow the City to evaluate and retain the most qualified contractor based on a combination of price, experience, past performance, safety, customer/public care, communication, coordination, quality assurance, local labor hire, and other relevant factors. This process can provide the best value to the City wastewater ratepayers. The proposed process is outlined in the City administrative policy for procurement of public contracts (AP-4002).

Economic Impacts: None.

Environmental Considerations: The action associated with this report is to suspend competitive bidding for a combined sewer system storage vault proposed to be constructed in McKinley Park. The City is currently conducting analysis pursuant to the California Environmental Quality Act (CEQA) and is in the process of preparing an Environmental Impact

Report (EIR) for the project. The City Council will be asked to, review, consider and take action on the EIR in the future prior to committing to the project. This current action consisting of the suspension of competitive bidding, is an administrative activity of government that will not result in any physical effects on the environment and is not subject to CEQA, under CEQA Guidelines Section 15378(b) and 16060(c)(3).

Sustainability: Construction of the McKinley Water Vault would be consistent with the 2035 General Plan and with the goals and targets of the City's Sustainability Master Plan as it supports the City's Long-Term Control Plan to rehabilitate the Combined Sewer System (CSS) to decrease flooding, outflows, and overflows.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: To stay in compliance with the City's National Pollutant Discharge Elimination System (NPDES) permit, the City is required to make progress on its goals to reduce outflows in the CSS, as outlined in the Combined Sewer System Improvement Plan (CSSIP). The McKinley Water Vault is a high priority project in the CSSIP. As the proposed location for the McKinley Water Vault is under the existing baseball field in McKinley Park, construction will require a highly qualified contractor to mitigate the impacts of the construction on the public. Staff recommends using an alternative, RFP/Q competitive procurement process which will enable the Department of Utilities to select a contractor based on qualifications, performance-based criteria, customer/public care and pricing. The City is successfully using a similar contractor selection process for the Accelerated Water Meter Program where customer service, quality work, local labor hire and project cost are important considerations in selecting a contractor.

Financial Considerations: The recommendations in this report do not result in any financial impact to the City. Upon approval of this recommendation, staff will proceed with the RFP/Q process and return to City Council with recommendations for the award of the MWV construction contract to the contractor selected from the Master List of prequalified contractors.

Local Business Enterprise (LBE): The City's LBE participation requirements will apply.

Background: The CSS collects and conveys both sanitary sewer and storm drain flows in a single system. It serves 7,500 acres of the City including the Downtown, East Sacramento, River Park, Land Park, Curtis Park, and Oak Park neighborhoods.

CSS flows during storms can exceed system capacity. When this happens, stormwater mixed with untreated wastewater can leave the underground system and surface onto nearby low-lying streets or onto other properties.

In June 1990, the Regional Water Quality Control Board (RWQCB) issued a Cease and Desist Order (CDO) requiring the City to eliminate CSS outflows and untreated discharges to the Sacramento River. After numerous studies and benefit/cost analyses, City Council adopted the 1995 CSSIP that met the requirements of the CDO, the Environmental Protection Agency's Combined Sewer Overflow Control Policy, and the City's adopted goals for the CSS. That same year, the RWQCB approved the CSSIP, rescinded the CDO, and issued an NPDES permit that mandated implementation of the CSSIP.

The 1995 CSSIP anticipated increasing the pumping capacities of Sumps 1/1A and 2/2A; converting Pioneer Reservoir to a primary treatment facility; installing a relief sewer system in the downtown area; and constructing local or regional underground storage facilities.

Many of the initial 1995 planned improvements have been completed; others are in design or under study as part of an on-going process to improve the CSS and update the CSSIP. The latest CSSIP update identifies 28 projects throughout the service area that are a mix of large regional storage vaults and large diameter inline storage/conveyance pipes, including the McKinley Water Vault.

RESOLUTION NO. 2018-

Adopted by the Sacramento City Council

August 28, 2018

Suspend Competitive Bidding and Approve an Alternative, Competitive Procurement Process for the McKinley Water Vault Project

BACKGROUND

- A. In June 1990, the Regional Water Quality Control Board (RWQCB) issued a Cease and Desist Order (CDO) requiring the City to eliminate Combined Sewer System (CSS) outflows and untreated discharges to the Sacramento River. After numerous studies and benefit/cost analyses, City Council adopted the 1995 Combined Sewer System Improvement Plan (CSSIP) that met the requirements of the CDO, the Environmental Protection Agency's Combined Sewer Overflow Control Policy, and the City's adopted goals for the CSS. That same year, the RWQCB approved the CSSIP, rescinded the CDO, and issued a National Pollutant Discharge Elimination System permit that mandated implementation of the CSSIP.
- B. To stay in compliance with the City's National Pollutant Discharge Elimination System permit, the City is required to make progress on its goals to reduce outflows in the CSS, as outlined in the CSSIP. The McKinley Water Vault (MWV) is a high priority project in the CSSIP. As the proposed location for the MWV is under the existing baseball field in McKinley Park, construction will require a highly qualified contractor to mitigate the impacts of the construction on the public. Staff recommends using an alternative, Request for Proposals and Request for Qualifications (RFP/Q) competitive procurement process which will enable the Department of Utilities to select a contractor based on qualifications, performance-based criteria, customer/public care and pricing.
- C. City staff is proposing the use of an alternative competitive procurement process for the construction work required for the MWV project, utilizing RFQ and RFP processes to select the most qualified contractor to perform the work, maximize quality assurance and customer service, and to complete the MWV project in a coordinated, cost-effective, and timely manner. This proposed alternative process is described in more detail in Exhibit A. To authorize use of such a process, City Council must suspend the City's normal competitive bidding requirement.
- D. City Code Section 3.60.170(D) allows City Council to suspend competitive bidding for a public project upon a two-thirds vote, if City Council determines that it is in the best interests of the City to do so. City staff believes that it is in the City's best interests to suspend competitive bidding for the MWV project, so the City can use the proposed

alternative process described in Exhibit A, because:

- The City's standard competitive bidding process requires bidding and contract award to a single contractor based on price alone, provided the contractor meets the minimum qualifications specified to perform the work. The City has no leeway to distinguish between bidders that meet minimal qualifications and more qualified bidders that exceed the minimum qualifications.
- Using the proposed alternative process, rather than bidding and awarding a contract based on price alone, will allow the City to evaluate and retain the most qualified contractor to construct the MWV project, based on a combination of price and other qualification considerations, such as past performance with the City, safety records, customer/public care, quality assurance, and other relevant factors.
- Effective communication and coordination between the City, its contractor, customers, and property owners, is critical to the success of the MWV project that involves construction work in and around an active community park. Pre-qualifying a group of the most qualified contractors will allow the City to select a contractor who best understands the comprehensive requirements of performing this type of work, in order to provide a quality work product, excellent customer service, and effective community coordination, which will reduce the likelihood of significant problems.
- Using the proposed process will be cost-effective and provide the best value to City wastewater ratepayers, because it will promote cost and schedule efficiencies and ensure that the McKinley Water Vault project is completed on time and at the lowest cost.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. Competitive bidding is suspended, in the best interests of the City, for procurement of the services and work utilized to construct the McKinley Water Vault.
- Section 2. Use of the alternative competitive procurement process described in Exhibit A is approved.
- Section 3. Exhibit A is made a part of this Resolution.

Attachment:

Exhibit A – Description of McKinley Water Vault Alternative Competitive Procurement Process

Adopted by the City of Sacramento City Council on August 28, 2017, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest:

The presence of an electronic signature certifies that the foregoing is a true and correct copy as approved by the Sacramento City Council.

EXHIBIT A

Alternate Competitive Procurement Process McKinley Water Vault (MWV)

The Department of Utilities will utilize an RFP/Q procurement process, which involves selection and award of a contract to a pre-qualified Contractor based on the Contractors' qualifications, capacity, performance-based criteria, and pricing. This is a multi-step process consisting of a Request for Qualifications, issuance of Requests for Proposals, and Council award of contract. The process is outlined below:

1. Request for Qualifications (RFQ)

- Department of Utilities (DOU) issues a request for letters of interest (LOI) from the contracting community to gauge interest in the MWV.
- After receiving LOIs, DOU issues RFQ soliciting financial, technical, and managerial qualifications and other pertinent information from contracting community.
- Interested Contractors provide Statement of Qualifications (SOQ) submittals to DOU.
- DOU evaluates SOQ submittals in accordance with the RFQ criteria to create a Master List of pre-qualified Contractors.

2. Request for Proposals (RFP)

- DOU issues RFPs to all Contractors on Master List, requesting scope, schedule, pricing, local hire participation and other information relative to performance of the project.
- Contractors submit Proposals containing technical and pricing information.
- DOU evaluates Contractor Proposals in accordance with the RFP criteria and negotiates Task Order terms and pricing with selected Contractor.

3. Award of Contract

- DOU recommends Council award of construction Contract to Contractor selected through the RFP process.