



COUNCIL AGENDA: 6/18/24
FILE: 24-147318
ITEM: 2.12

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: May 22, 2024

Approved

Date

6/5/24

SUBJECT: FIRST AMENDMENT TO THE MASTER CONSULTANT AGREEMENT WITH KENNEDY/JENKS CONSULTANTS, INC. FOR ENGINEERING SERVICES FOR THE SUPPORT BUILDING IMPROVEMENTS PROJECT AT THE SAN JOSE-SANTA CLARA REGIONAL WASTEWATER FACILITY

RECOMMENDATION

Approve the First Amendment to the Master Consultant Agreement with Kennedy/Jenks Consultants, Inc. for engineering services for the Support Building Improvements project at the San José-Santa Clara Regional Wastewater Facility increasing the amount of compensation by \$125,000, for a total agreement amount not to exceed \$4,925,000; and extending the term of the agreement from June 30, 2024 to June 30, 2025.

SUMMARY AND OUTCOME

City Council's approval of the first amendment to the master consultant agreement with Kennedy/Jenks Consultants, Inc. (Kennedy/Jenks) will allow for additional professional services for design and engineering support during construction and post-construction needed for the Support Building Improvements Project.

BACKGROUND

Original Project Approach and Agreement

Most of the support building facilities at the San José-Santa Clara Regional Wastewater Facility (RWF) are between 30 and 60 years old and require refurbishment, replacement and/or upgrade to comply with building codes and fire life safety requirements and to improve worker health and safety.

These more than two dozen buildings range in size from 1,440 square feet to 31,600 square feet, with a combined total estimated floor area of approximately 180,000 square feet. Over 200 employees use these buildings to provide management, administration, training, engineering, operations and maintenance, and laboratory testing services to keep the RWF operating on a 24/7, 365-day basis.

On January 24, 2017, City Council approved the master consultant agreement with Kennedy/Jenks to provide engineering and architectural services for the Support Building Improvements Project. The master consultant agreement amount was \$4,800,000 with a term through June 30, 2024.

Due to the criticality of the fire life safety and heating, cooling, and air conditioning (HVAC) system improvements needed, staff recommended implementing the Support Building Improvements Project in two parts:

1. Design and engineering services to complete critical improvements to the fire life safety system and HVAC system; and
2. Assessment of the feasibility of centralizing personnel, warehousing, and maintenance support functions, as well as other potential upgrades to improve operational efficiency.

The first part was recommended to be done as two separate low-bid design-build construction contracts, including the Fire Life Safety Upgrade (Fire Life) project and HVAC Improvements project. The planning level engineer's opinion of probable cost of construction for the Fire Life project was \$1,800,000 and for the HVAC Improvements project was \$8,500,000. It was estimated that \$2,600,000 would be needed for Kennedy/Jenks' engineering services for these two projects. Kennedy/Jenks would develop design documents to the 30% design level, provide bid and award support, and engineering services during construction for both projects. The remaining \$2,200,000 of the original \$4,800,000 contract was allocated for completing the assessment work.

Status of the Fire Life Project

The Fire Life project standardizes and upgrades the fire alarm systems in 13 buildings and installs a new centralized monitoring system to improve RWF safety and reliability. See **Attachment A** for the Fire Life project location map.

In August 2017, Kennedy/Jenks began work on the Fire Life project and completed the low-bid design-build documents, where design was taken to the 30% level in November 2019. Bids for construction were opened in February 2020. In April 2020, the City rejected all bids on the basis that the bids were non-responsive. Additionally, the City determined that the contract documents needed to be revised to be appropriate for this type of low-bid design build project. Staff decided that switching from low-bid design-build to a traditional design-bid-build approach would be more expedient than going through the arduous process of revising all of the contract documents.

Kennedy/Jenks began detailed design work (developing the 30% design to 100% design) in October 2020. The 100% design documents were completed in March 2021. Due to changes to scope elements requested by RWF Operations and Maintenance staff, Kennedy/Jenks was asked to revise completed design work and provide additional design services. The revised 100% design documents were completed in March 2022. The Fire Life project was rebid in May 2022 and City Council awarded the construction contract to Blocka Construction, Inc. in August 2022 for \$2,839,000. Construction began in October 2022 and was expected to be substantially completed by November 2023.

Status of the HVAC Improvements Project

The HVAC Improvements project replaces aging units in existing buildings with energy efficient equipment and up-to-date controls. The project scope provides code compliant ventilation and adds natural gas seismic shut off valves to improve safety and reliability of the RWF. See **Attachment B** for the HVAC project location map.

In December 2017, Kennedy/Jenks began work on the HVAC Improvements project. The 30% design documents were completed in May 2020. Given the timing, this project was able to transition more smoothly from a low-bid design-build project to a design-bid-build project. The final design documents were completed in May 2022. In October 2022, the City received one bid for construction and rejected it because the bid of \$29.8 million was over the opinion of probable cost of construction of \$12.6 million. Following a market analysis, staff decided to put the project on hold due to COVID-19 caused supply chain issues and labor shortage in the market that were the likely reason for the low number of bids and high bid price. In March 2024, staff initiated a value engineering evaluation with a separate consultant, CDM Smith, to review the scope/design and make recommendations to align the project cost with the planned budget. The final value engineering report is expected by June 2024.

Status of the Master Consultant Agreement

To date, six service orders have been executed under the master consultant agreement. Approximately \$4,799,500 of the agreement's \$4,800,000 has been authorized as summarized in the below **table**.

Cost Element	Original Master Consultant Agreement Budget	Issued Service Order Budget
Alternatives Analysis	\$810,000	\$597,030
Conceptual and Preliminary Design	390,000	1,023,444
Bid and Award Services	70,000	99,741
Engineering Services During Design	600,000	2,659,660
Engineering Services During Construction	690,000	419,692
State Revolving Fund Assistance	40,000	-
Warehouse and Other Buildings Assessment	2,200,000	-
TOTAL	\$4,800,000	\$4,799,567

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Due to changing from low-bid design-build to design-bid-build, the responsibility for detailed design transferred from the contractor to the design consultant. This shifted the cost of design from the construction contract to this the master consultant agreement, significantly increasing Kennedy/Jenks' budget needs due to additional field verifications, equipment tests, and workshops for developing 60%, 90%, and 100% design documents in accordance with RWF design delivery protocol.

ANALYSIS

The available master consultant agreement balance is insufficient for Kennedy/Jenks to complete the needed services for the Support Building Improvements project.

Staff requests additional funds for Kennedy/Jenks to provide engineering services during construction and post-construction to complete the Fire Life project. Due to differing and unforeseen conditions and numerous design changes, the estimated February 2024 completion date has been extended to summer 2024. The additional services are estimated to cost \$50,000.

For the HVAC Improvements project, an additional \$75,000 is needed for Kennedy/Jenks to evaluate the value engineering recommendations. Based on CDM Smith's final report, staff may either seek City Council approval in the future for a second amendment to the master consultant agreement with Kennedy/Jenks or authorize service orders under one of Capital Improvement Program's general engineering agreements for a different design consultant to complete the project.

This first amendment will increase the maximum compensation of the master consultant agreement by \$125,000, for a total amount not to exceed \$4,925,000. Staff considers added costs are reasonable. This first amendment will also extend the master consultant agreement from June 30, 2024 to June 30, 2025, to allow for the completion of the Fire Life project.

Policy Alternatives

Alternative #1: Direct City staff to complete the additional services.

Pros: None.

Cons: Staff does not have the capacity and expertise to perform this work. Any changes to current design without Kennedy/Jenks' approval will release them of design liability. The City will assume liability for any changes to current design.

Reason for not recommending: The complexity of the projects require the use of specialized expertise and experience in multiple disciplines, including fire alarm, fire protection, plumbing, mechanical, electrical, and control systems. A consultant should remain involved and responsible as the engineer of record.

EVALUATION AND FOLLOW-UP

No follow-up action with City Council is expected at this time. Quarterly progress reports of the RWF Capital Improvement Program will be submitted to the Treatment Plant Advisory Committee and posted on the City's website.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION: \$125,000

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

	Original	Proposed First Amendment	Total
Alternatives Analysis	\$810,000	\$(212,950)	\$597,050
Conceptual and Preliminary Design	390,000	633,500	1,023,500
Bid and Award Services	70,000	29,750	99,750
Engineering Services During Design	600,000	2,135,000	2,735,000
Engineering Services During Construction	690,000	(220,300)	469,700
State Revolving Fund Assistance	40,000	(40,000)	-
Warehouse and Other Buildings Assessment	2,200,000	(2,200,000)	-
TOTAL AMOUNT	\$4,800,000	\$ 125,000	\$4,925,000

3. SOURCE OF FUNDING: 512 – San José-Santa Clara Treatment Plant Capital Fund.

4. FISCAL IMPACT: The Support Building Improvements Project will have no additional 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 Memorandum (Carollo Engineers, March 2016), the Support Building Improvements Project is allocated between the four billable parameters relative to the rolling weighted average distribution of all RWF assets.

BUDGET REFERENCE

The table below identifies the fund and appropriations to fund the contract recommended as part of this memorandum and remaining project costs, including project delivery, construction, and contingency costs.

Fund #	Appn #	Appn Name	Total Appn	Amount for Amendment	2023-2024 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
512	7681	Support Building Improvements	\$11,334,000	\$125,000	285	01/09/2024 Ord. No. 31003

Services performed by Kennedy/Jenks under this first amendment to the master consultant agreement will be authorized by service orders. An appropriation is not required for execution of the first amendment master consultant agreement but is required for each service order authorized under this agreement. The appropriation listed above is included in the 2023-2024 Adopted Capital Budget and may be used for services issued in 2023-2024. Future funding is subject to appropriation of funds and, if needed, will be included in the development of future year budgets during the annual budget process.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, the City Manager's Budget Office, the Finance Department, and the Planning, Building, and Code Enforcement Department.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the June 18, 2024 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

This item is scheduled to be heard at the June 13, 2024 Treatment Plant Advisory Committee meeting. A supplemental memorandum with the committee's recommendation will be included in the June 18, 2024 City Council amended agenda.

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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.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

KERRIE ROMANOW

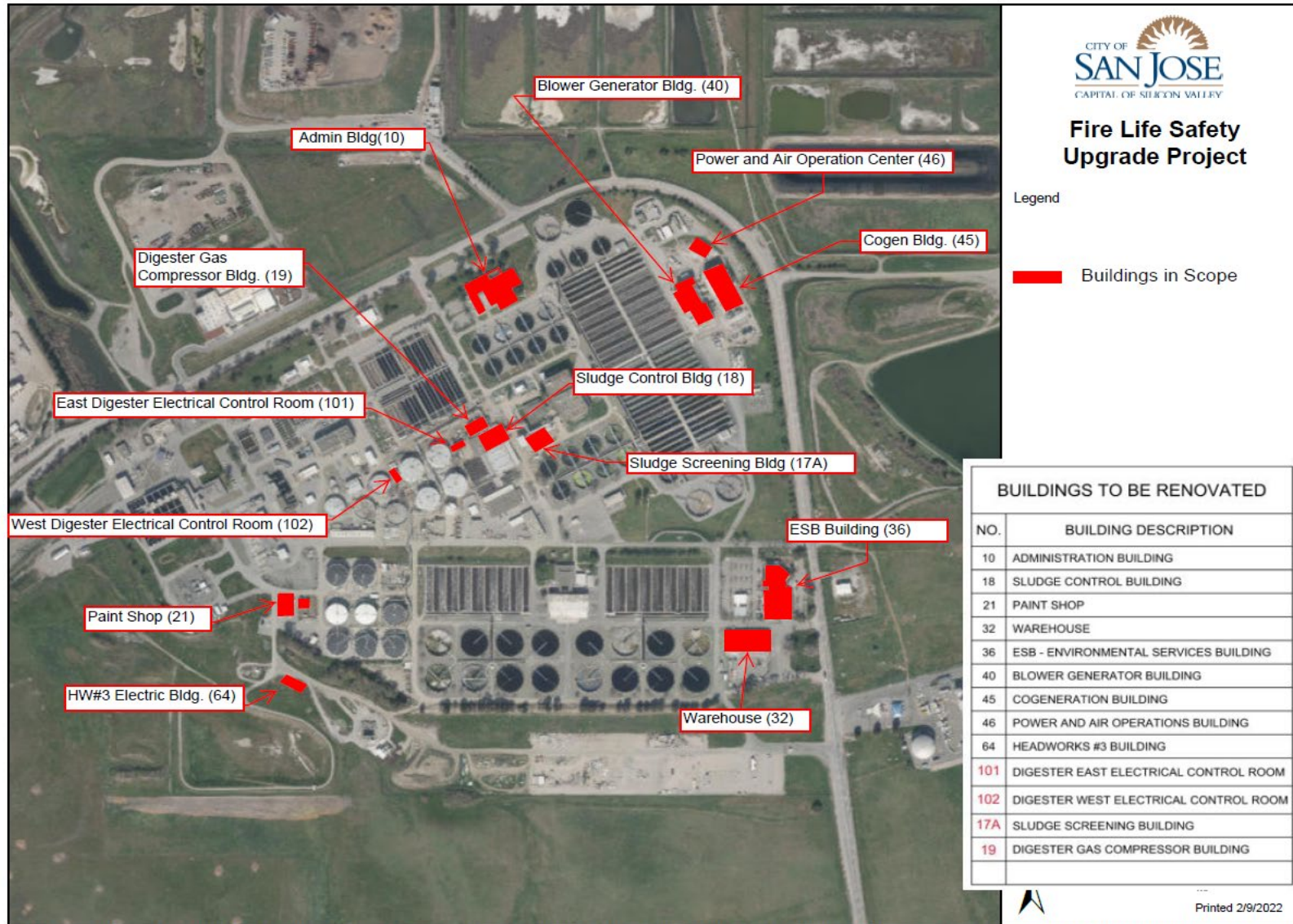
Director, Environmental Services Department

For questions, please contact Mariana Chavez-Vazquez, General Manager of Regional Wastewater Facility at (408) 535-8550.

Attachment A: Fire Life Safety Upgrade Project Location Map

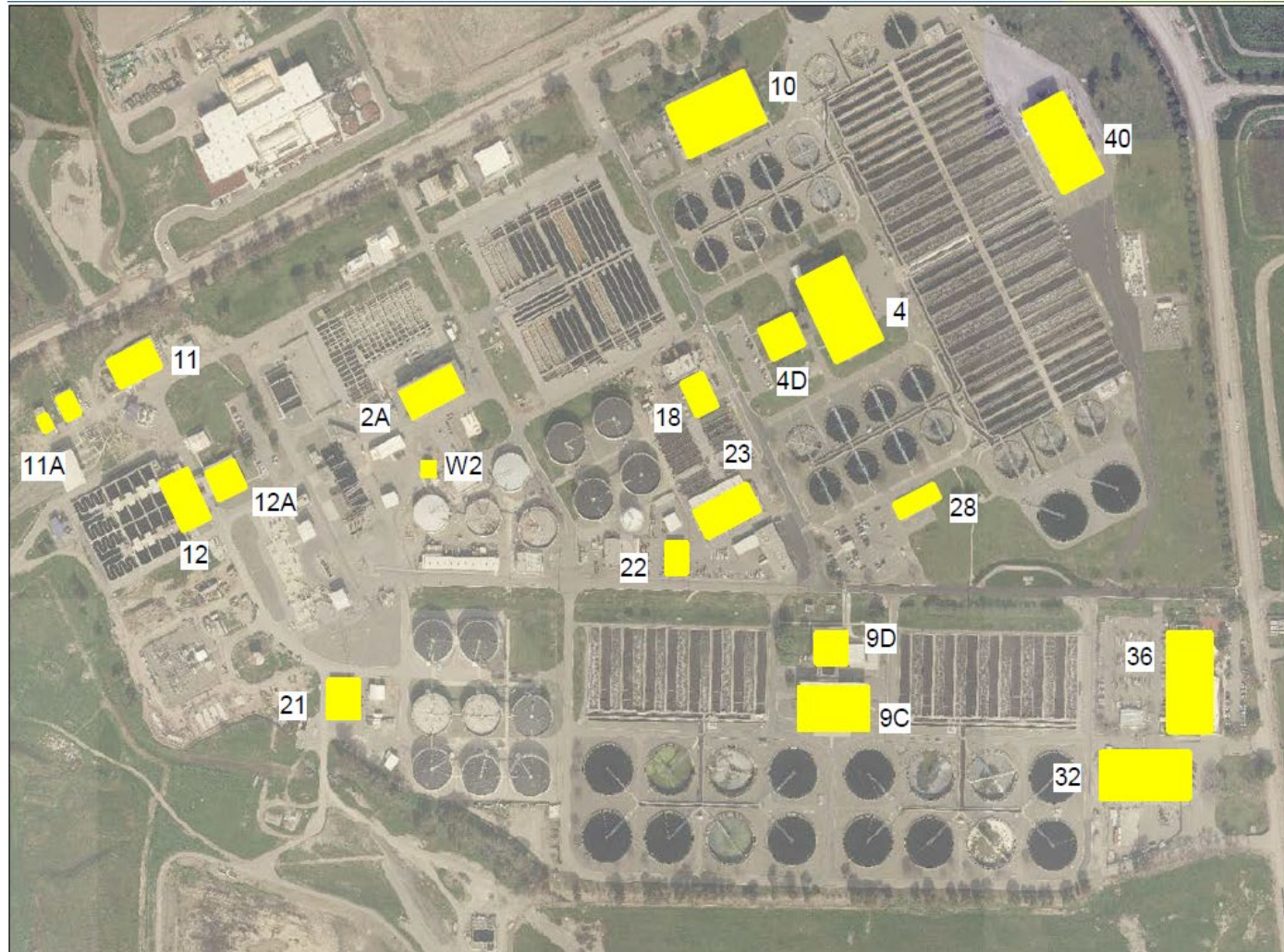
Attachment B: HVAC Improvements Project Location Map

Attachment A: Fire Life Safety Upgrade Project Location Map



Please be advised that the City of San José does not warrant the accuracy of the GIS (Geographic Information Systems) data. This map is provided to you as is, and you agree to use it at your own risk. The City makes no guarantees, representations or warranties of any kind, express or implied, arising by law or otherwise, including but not limited to, content, quality, accuracy, completeness, effectiveness, reliability, fitness for a particular purpose, usefulness, use or results to be obtained from this data, or that the data will be uninterrupted or error-free.

Attachment B: HVAC Improvements Project Location Map



- 2A – P&E Building
- 4 – Secondary Blower Building (SBB)
- 4D – SBB Service Wing
- 9C – Tertiary Blower Building (TBB)
- 9D – TBB Service Wing
- 10 – Admin. Building
- 11 – Filtration Influent Pump Station
- 11A – Cl₂/SO₂ Building
- 12 – Filtration Building
- 12A – Filtration Building Service Wing
- 18 – Sludge Control Building
- 21 – Paint Shop
- 22 – HVAC Shop
- 23 – Maintenance Control Center
- 28 – Machine Shop
- 32 – Warehouse
- 36 – ESB
- 38 – RSM Control Rm
- 40 – Blower Generator Building