

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Loesch

SUBJECT: SEE BELOW

DATE: May 28, 2024

Approved

Date

6/7/24

COUNCIL DISTRICT: 7

SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR THE 9970 - NEW SINGLETON LANDFILL GAS COLLECTION SYSTEM AND FLARE PROJECT

RECOMMENDATION

- (a) Report on bids and award a contract for the construction of 9970 - New Singleton Landfill Gas Collection System and Flare Project to the lowest responsive, responsible bidder, Blue Light Flame West LLC, in the amount of \$2,978,321; and
- (b) Approve a 15% contingency in the amount of \$446,748.

SUMMARY AND OUTCOME

The landfill gas collection and control system at the Singleton Road Disposal Site (**Attachment-Location Map - 9970 New Singleton Landfill Gas Collection System and Flare Project**) currently is unable to operate consistently due to air leakage which is caused by aged pipe flare materials.

Award of the contract will enable the 9970 New Singleton Landfill Gas Collection System and Flare Project (Project) to proceed with construction for the replacement of a new landfill gas (LFG) collection system. Approval of a 15% contingency will provide funding for any unanticipated work necessary for the proper construction and completion of the Project.

BACKGROUND

The Singleton Road Disposal Site, located at 850 Singleton Road, is a regulated waste management facility under the jurisdiction of the Bay Area Air Quality Management District and the San Francisco Bay Regional Water Quality Control Board. Initially operational before regulatory enforcement, it now stands closed. The City is pursuing the replacement of the LFG collection and control system at this site, which spans roughly 85 acres and was formerly operated as a Class III demolition and construction debris landfill from 1964 to 1978. Although currently vacant, except for the LFG flare station, the site's proximity to single-family residences and schools necessitates stringent gas control measures in compliance with California regulations.

The original LFG collection and control system had been constructed around 1986, has been periodically modified over the years, but has faced challenges, such as air leakage, compromising methane concentrations, and heating values. Despite no significant hazardous material levels being attributable to the landfill, ensuring effective gas control remains paramount to prevent offsite migration. The system, permitted by the Bay Area Air Quality Management District as Plant No. 4175, is comprised of methane gas monitoring wells, subsurface gas collection piping, extraction wells, and an enclosed gas flare. An Authority to Construct permit application for the replacement LFG collection and control system is currently pending Bay Area Air Quality Management District approval, as the existing LFG flare system suffers from material failures in extraction wells and conveyance piping, exacerbated by surcharge soil filling and waste settlement, necessitating the system replacement.

The scope of work for the Project includes:

- Drilling and constructing 28 new LFG extraction wells;
- Construction of a looped network of approximately 1,500 linear feet of high-density polyethylene piping;
- New six-inch LFG header pipes, which will be looped around the extraction wells in shallow, buried trenches to provide efficient and redundant vacuum distribution throughout the wellfield;
- Installation of a pre-packaged gas handling skid with two three-horsepower LFG blowers, power, and control panels operating on the existing facility electrical service;
- Installation of an enclosed burner LFG flare with an LFG flow capacity of approximately 100 standard cubic feet per minute and a heat throughput capacity of approximately 1.5 million British thermal units per hour; and,
- Decommissioning of the current LFG collection and control system (LFG flare equipment and 34 LFG wells.)

The Project was advertised on March 13, 2024, with a bid opening date on April 18, 2024. The Engineer's Estimate for the Project is \$2,380,000. Construction is intended to begin in July 2024 with anticipated completion in April 2025.

Legacy Disposal and Abatement Grant

Environmental Services Department was awarded a Legacy Disposal and Abatement Grant from the California Department of Resources Recycling and Recovery on October 31, 2023 for up to \$320,621 to help off-set the costs to build a new landfill gas flare and collection system. The grant provides financial assistance to assist public entities accelerate the pace of cleanup and restore sites and protecting public health and safety and environment by maintaining public landfill sites in compliance with state regulations and standards. The grant period is from November 1, 2023 to June 30, 2025 and reimburses the City for the cost to rebuild the system up to \$320,621.

ANALYSIS

Bids were opened on April 18, 2024, with the following results.

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
Engineer's Estimate	\$2,377,181	--	--
Blue Flame Crew West, LLC, (Danville)	\$2,978,321	\$601,140	25

The low bid submitted by Blue Flame Crew West, LLC is 25% above the Engineer's Estimate. This Project is a unique landfill gas collection and control project, which limits the number of available contractors and reduces the market data necessary for an accurate Engineer's Estimate. In addition, there has been a steady trend of increasing construction costs experienced over the last year. Volatile conditions in the construction market, such as labor and material shortages, have also contributed to fluctuating construction costs. However, staff considers the low bid submitted for this Project reasonable for work involved.

Blue Flame Crew West, LLC, has successfully completed similar projects for other public agencies and the private sector in California, Texas, and Florida. The contractor recently completed landfill gas collection system and perimeter leachate system modification for City of Menlo Park, California.

Contingency

San José Municipal Code Section 27.04.050 provides for a standard contingency of 10% on public works contracts except those involving the renovation of a building or buildings. However, on this Project, a contingency of 15% is being requested because of the higher potential to encounter unforeseen conditions during construction and the complexity of the construction. Staff will ensure the funds budgeted for this Project are sufficient to provide for the recommended contingency.

Wage Theft Prevention Policy Check

The Office of Equality Assurance reviewed the bidder for compliance with the City's Wage Theft Prevention Policy on April 22, 2024 and again on May 22, 2024. No Wage theft issues were identified.

Project Labor Agreement Applicability

The City's Project Labor Agreement is applicable to this Project because the Engineer's Estimate is over \$1.22 million.

Local and Small Business Analysis

The recommended bidder is not a local or a small business enterprise. However, two local business enterprises are listed as subcontractors: Valley Concrete, Inc. (San José) will be performing concrete foundations work valued at approximately \$80,000 and Pacific Bay Masonry (San José) will be performing masonry work valued at approximately \$90,000.

EVALUATION AND FOLLOW-UP

No additional follow up action with City Council is expected at this time.

COST SUMMARY/IMPLICATIONS

The construction of this Project will build a new landfill gas flare and collection system and will not result in additional operation and maintenance costs to the City of San José. The Project is funded from the General Capital Improvement Fund.

1. TOTAL COST OF PROJECT:

Project Delivery*	\$328,382
Construction	2,978,321
Contingency	446,748
TOTAL PROJECT COSTS	\$3,753,451
Prior Years' Expenditures and Encumbrances	(\$84,997)
TOTAL REMAINING PROJECT COSTS	\$3,668,454

* Project delivery includes \$178,788 for design services and \$149,594 for construction management and inspection services.

2. COST ELEMENTS OF CONSTRUCTION CONTRACT:

Mobilization and demobilization	\$152,000
Engineering, survey and as-builts	59,400
Drilling new extraction wells	227,600
Decommissioning extraction wells and well heads	187,830
Piping and trenching	608,019
Flare station install and test	1,658,937
Waste management and disposal of old flare	84,535
TOTAL CONTRACT AMOUNT	\$2,978,321

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	Amt. for Contract	2024-2025 Proposed Capital Budget Page*	Last Budget Action (Date, Ord. No.)
001	4089	Closed Landfill Compliance	\$3,972,000**	\$2,978,321	682	NA

* The 2024-2025 Proposed Capital Budget is scheduled for adoption on June 18, 2024 by the City Council.

** This includes an ongoing allocation of \$450,000 in this appropriation for monitoring and repair costs to ensure compliance with County and State environmental statutes related to the City’s four closed landfill sites, thus this funding will not be used for this Project. A separate action in the General Fund to rebudget \$3.2 million for this Project and recognize \$320,000 for the Legacy Disposal and Abatement Grant is included in Manager’s Budget Addendum #29 Recommended Amendments to the 2024-2025 Proposed Operating and Capital Budget. The total amount of funding available for this Project will be \$3.7 million -- assuming City Council approval of the rebudget action and accounting for \$146,000 of anticipated expenditures in 2023-2024.

COORDINATION

This memorandum has been coordinated with the City Attorney’s Office, the City Manager’s Budget Office, the Environmental Services 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

No commission recommendation or input is associated with this action.

CEQA

Categorically Exempt, File No. ER23-022, CEQA Guidelines Sections 15301(d), Existing Facilities, and 15302(c), Replacement or Reconstruction.

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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/

MATT LOESCH
Director of Public Works

For questions, please contact Sal Kumar, Deputy Director of Public Works, at sal.kumar@sanjoseca.gov.

ATTACHMENT: Location Map - 9970 - New Singleton Landfill Gas Collection System and Flare Project

Attachment:

Location Map

9970 - New Singleton Landfill Gas Collection System and Flare Project

