

**2.10 First Amendment to the Master Consultant Agreement with Black & Veatch for Engineering Services for the Yard Piping Improvements Project at the San José-Santa Clara Regional Wastewater Facility.**

**Recommendation:**

Approve the First Amendment to the Master Consultant Agreement with Black & Veatch for engineering services for the Yard Piping Improvements project at the San José-Santa Clara Regional Wastewater Facility, increasing the amount of compensation by \$2,500,000, for a total agreement amount not to exceed \$12,250,000; and extending the term of the agreement from June 30, 2026 to December 31, 2027.

CEQA: Addendum to the Environmental Impact Report for the San José/Santa Clara Water Pollution Control Plant Master Plan (Resolution No. 76858) for the Yard Piping and Road Improvements Project, File No. PP19-063. (Environmental Services)

# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Kerrie Romanow

**SUBJECT:** SEE BELOW

**DATE:** May 1, 2024

Approved



Date

5/14/24

**SUBJECT: FIRST AMENDMENT TO THE MASTER CONSULTANT AGREEMENT WITH BLACK & VEATCH FOR ENGINEERING SERVICES FOR THE YARD PIPING IMPROVEMENTS PROJECT AT THE SAN JOSE-SANTA CLARA REGIONAL WASTEWATER FACILITY**

## **RECOMMENDATION**

Approve the First Amendment to the Master Consultant Agreement with Black & Veatch for engineering services for the Yard Piping Improvements project at the San José-Santa Clara Regional Wastewater Facility, increasing the amount of compensation by \$2,500,000, for a total agreement amount not to exceed \$12,250,000; and extending the term of the agreement from June 30, 2026 to December 31, 2027.

## **SUMMARY AND OUTCOME**

City Council approval of the First Amendment to the Master Consultant Agreement with Black & Veatch (B&V) will provide professional engineering services for condition assessment, design, and engineering support services during construction and post construction necessary to successfully complete the Yard Piping Improvements project.

## **BACKGROUND**

The San José-Santa Clara Regional Wastewater Facility (RWF) has approximately 300,000 linear feet of piping that varies in age, material, condition, reliability, redundancy, and diameter (some pipes are as large as 12 feet in diameter). See **Attachment** – Yard Piping Location Map. Of this piping, 67,000 linear feet are process pipes that carry gas, liquids, sludge, air, steam, and other process streams to and from the various treatment areas. Ten percent of the pipes at the RWF are more than 25 years old, and 10 percent are more than 50 years of age. Based on a 2015 analysis of RWF process pipes plans, 16 pipe systems totaling 21,000 linear feet, were identified as high priority or at high risk of failure. The purpose of the project is to rehabilitate critical aging process pipes to increase their lifespan and improve the reliability of the RWF's operations.

*Original Project Scope and Agreement - Design-Build method*

In 2017, the City originally planned to deliver a portion of the project using the design-bid-build approach, while delivering the majority of this project using what staff then referred to as the progressive design-build delivery method. That method involved a two-step procurement process for the design-build entity. California state law (Senate Bill 706) recently changed the California Public Contract Code's definition of "progressive design-build" to mean a new one-step procurement process. For the sake of clarity, this memorandum will refer to the originally planned delivery method as "traditional design-build" (DB).

Pursuant to this DB delivery approach, in September 2017, staff began the procurement for an owner's advisor. On April 24, 2018, City Council approved a master consultant agreement with B&V with a total maximum compensation of \$9,750,000 and a term that ends on June 30, 2026.

*Revised Project Scope and Agreement – Design-Bid-Build method*

In November 2019, following a more comprehensive delivery analysis, staff determined that design-bid-build would be a more effective method to deliver the project compared to DB due for the reasons listed below.

- DB would require conducting all the pipe inspections prior to developing a guaranteed maximum price. Given the planned annual maintenance shutdowns and multiple large projects in construction at the RWF, it would be difficult to isolate and access the process pipes for field inspection in a timely manner. It would take several years to complete before construction could begin.
- Further research revealed that there was lack of similar projects in the industry that had been delivered using the DB method.

The selection of the design-bid-build delivery method led staff to adjust the services that B&V would perform under the agreement, as listed below.

<b>Original Service</b>	<b>Adjustment</b>
Perform initial condition assessment	Perform full condition assessment
Develop project definition report	Removed
Assist with DB procurement	Removed
Assist with environmental review/permits	No adjustment
Participate in guaranteed maximum price negotiations	Removed
Develop process shutdown plans	Develop design documents for bid and award
Develop construction packages	Develop design documents for bid and award
Provide design/constructability reviews	Removed
Provide construction management services	Provide engineering services during construction
Provide post-construction services	No adjustment

**ANALYSIS**

In addition to the change in delivery method, the project scope was divided and sequenced into four phases. This would allow B&V and staff to perform condition assessment, design, and construction activities for multiple phases in parallel. It also allowed work to begin on two high priority, large diameter pipes. The project phases and status are listed below.

<b>Phase</b>	<b>Status</b>
96-inch and 87-inch Settled Sewage Pipe Rehabilitation	Completed April 2021
Yard Piping Improvements – Phase 1	Completed May 2022
Yard Piping Improvements – Phase 2	In construction; completion expected spring 2025
Yard Piping Improvements – Phase 3	In alternatives analysis

The most significant service scope change from DB to design-bid-build methods was that B&V would need to perform full pipe condition assessments, which had been planned to be done by the DB entity.

Over six summer seasons, B&V has performed condition assessments on more than 60 pipes. These were extensive efforts, with each assessment requiring B&V to develop field inspection methods, prepare process shutdown strategies for pipe isolation, conduct field inspections, identify pipe deficiencies, rate pipe conditions, and define pipe rehabilitation limits. The final condition assessment work to inform the scope of Yard Piping Improvements – Phase 3 was completed in March 2024. The total cost of these efforts was approximately \$3.65 million.

Under the current agreement, B&V has provided design services and engineering services during construction for the 96-inch and 87-inch Settled Sewage Pipe Rehabilitation and Yard Piping Improvements – Phase 1 projects, which were completed in April 2021 and May 2022, respectively. B&V is currently providing engineering services during construction for Yard Piping Improvements – Phase 2, which is expected to be completed in spring 2025. B&V is also performing alternatives analysis for Yard Piping Improvements – Phase 3 that is anticipated to be completed this summer.

To date, 10 service orders have been executed under the agreement. Approximately \$9,000,000 of the agreement's \$9,750,000 has been authorized, as summarized in the following table.

<b>Scope of Services</b>	<b>Amount</b>
Project management	\$966,233
Condition assessment	\$3,648,486
Alternative analysis and detailed design	\$2,787,001
Bid/award services	\$160,153
Engineering services during construction	\$1,438,689
<b>Total amount authorized to date</b>	<b>\$9,000,562</b>
<b>Available balance</b>	<b>\$749,438</b>

The available balance of approximately \$750,000 is insufficient to have B&V complete the needed services for Yard Piping Improvements – Phase 3, including detailed design, bid and award support, engineering services during construction, and post-construction services. Those services are estimated to cost \$3,250,000.

This first amendment will increase the maximum compensation of the agreement by \$2,500,000, for a total amount not to exceed \$12,250,000. This amount represents 30% of the combined estimated construction cost of approximately \$41.1 million for all four phases, which staff considers reasonable given the extensive condition assessment work required.

According to the current project schedule, design for Yard Piping Improvements – Phase 3 will be completed in December 2024, the construction contract will be awarded in summer 2025, and project completion is anticipated in spring 2027. This amendment extends the term of the agreement to December 31, 2027.

### ***Policy Alternatives***

#### **Alternative #1: Direct City staff to complete the design and perform engineering services during construction using in-house resources.**

**Pros:** None

**Cons:** Staff does not have the capacity or expertise to complete the required work. Design of piping rehabilitation and responses to contractor requests for information, design clarifications, submittals and change orders requires in-depth engineering expertise spanning multiple engineering disciplines (e.g., civil, structural, mechanical, electrical, process, instrumentation, and controls). Use of City staff will result in delays to the project, impacting cost and schedule, and subsequently creating delays to other pending capital projects. In addition, if City staff assumed design responsibility it would release the consultant from their liability as engineer-of-record.

**Reason for not recommending:** The complexity of this project requires the use of specialized expertise and experience in the planning, design, construction, and management of wastewater treatment systems. City staff does not have the required expertise and experience to provide engineering services for construction and post construction necessary to successfully complete this project.

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

No follow-up action with the 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: \$2,500,000
2. COST ELEMENTS OF AGREEMENT/CONTRACT (COMPARED TO ORIGINAL AGREEMENT):

	Original	Proposed First Amendment	Total
Project management	\$966,233	\$220,000	\$1,186,233
Condition assessment	\$3,648,486	\$0	\$3,648,486
Alternative analysis and detailed design	\$3,536,439	\$700,000	\$4,236,439
Bid and award services	\$160,153	\$80,000	\$240,153
Engineering services during construction	\$1,438,689	\$1,500,000	\$2,938,689
<b>TOTAL AGREEMENT AMOUNT</b>	<b>\$9,750,000</b>	<b>\$2,500,000</b>	<b>\$12,250,000</b>

3. SOURCE OF FUNDING: 512 – San José-Santa Clara Treatment Plant Capital Fund.
4. FISCAL IMPACT: The 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), this 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	7396	Yard Piping and Road Improvements	\$4,419,000	\$2,500,000	287	10/17/2023 Ord. No. 30966

HONORABLE MAYOR AND CITY COUNCIL

May 1, 2024

**Subject: First Amendment to the Master Consultant Agreement with Black & Veatch for Engineering Services for the Yard Piping Improvements Project at the San José-Santa Clara Regional Wastewater Facility**

Page 6

### **COORDINATION**

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

### **PUBLIC OUTREACH**

This memorandum will be posted on the City's Council Agenda website for the June 4, 2024 City Council meeting.

### **COMMISSION RECOMMENDATION AND INPUT**

This item is scheduled to be heard at the May 23, 2024 Treatment Plant Advisory Committee meeting. A supplemental memorandum with the committee's recommendation will be included in the June 4, 2024 City Council amended agenda.

### **CEQA**

Addendum to the Environmental Impact Report for the San José/Santa Clara Water Pollution Control Plant Master Plan (Resolution No. 76858) for the Yard Piping and Road Improvements Project, File No. PP19-063.

### **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/

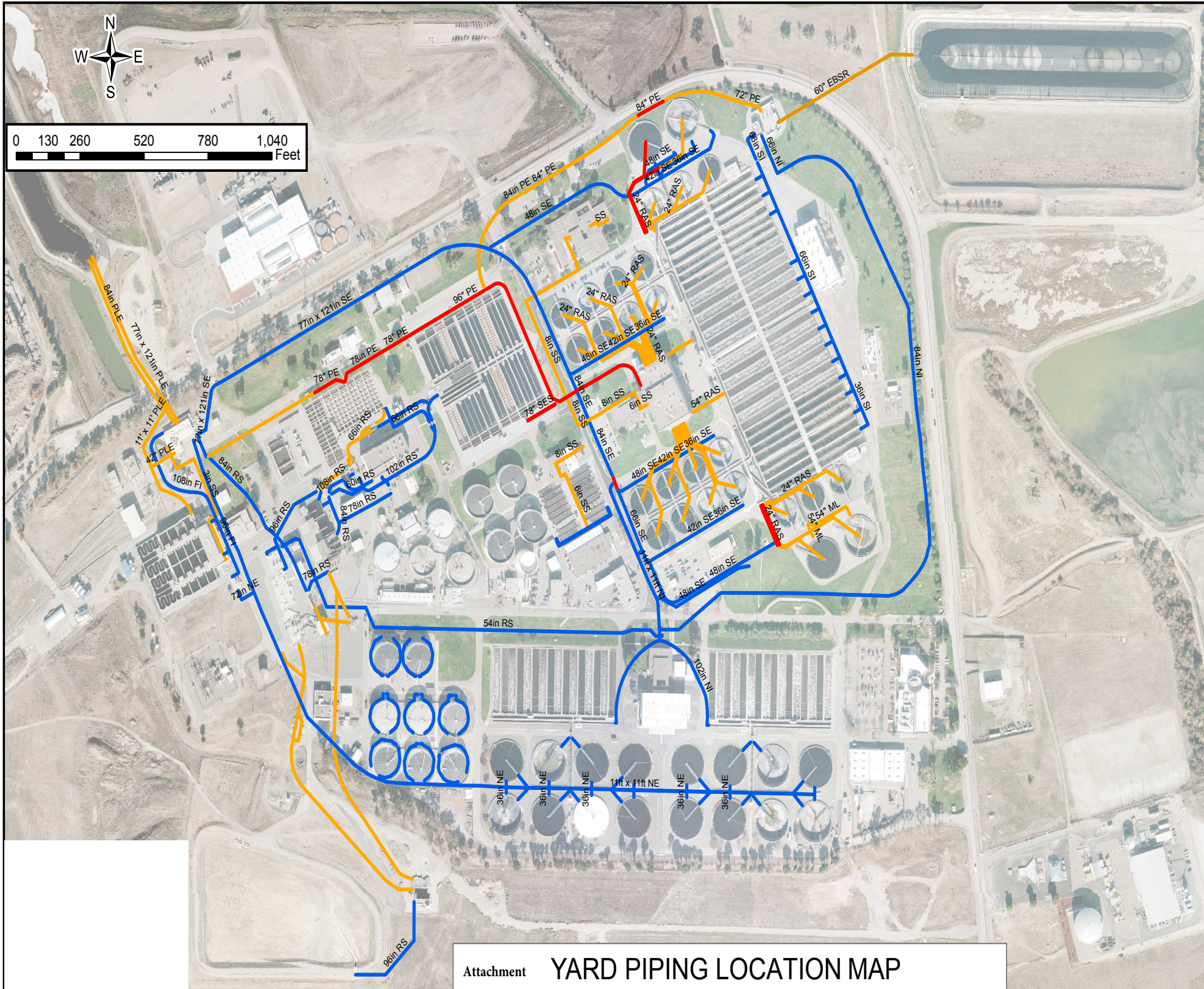
KERRIE ROMANOW

Director, Environmental Services Department

For questions, please contact Mariana Chavez-Vazquez, General Manager, San José-Santa Clara Regional Wastewater Facility at (408) 535-8550

Attachment: Yard Piping Location Map







## SAN JOSE / SANTA CLARA WATER POLLUTION CONTROL PLANT

TREATMENT PLANT ADVISORY COMMITTEE

May 23, 2024

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

Dear Mayor Mahan and City Council:

At its meeting on May 23, 2024, the Treatment Plant Advisory Committee (TPAC) reviewed this item:

**5. H. First Amendment to The Master Consultant Agreement With Black & Veatch For Engineering Services For The Yard Piping Improvements Project At The San José Santa Clara Regional Wastewater Facility**

**Staff Recommendation to Committee for City Council:**

Approve the First Amendment to the Master Consultant Agreement with Black & Veatch for engineering services for the Yard Piping Improvements project at the San José-Santa Clara Regional Wastewater Facility, increasing the amount of compensation by \$2,500,000, for a total agreement amount not to exceed \$12,250,000; and extending the term of the agreement from June 30, 2026 to December 31, 2027.

**Action: On a motion made by Committee Member Davis and a second by Committee Member Candelas, TPAC recommended approval of item 5. H.**

**Ayes - 9** (Batra, Candelas, Davis, Gillmor, Kwok, Harkness, Montano, Turner, Watanabe)

**Nays - 0**

**Abstain - 0**

Sincerely,



Kathy Watanabe, Chair (Alternate)

TREATMENT PLANT ADVISORY COMMITTEE

☒ **First**

## Amendment to Master Consultant Agreement – RWF Capital Projects

☐ **Second**

Consultants Name: Black & Veatch Corporation

☐ **Third**

(CPMS Contract No. 8142)  
(Master Agreement AC No. 29225)

This Amendment to the Master Agreement is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.  
The City and the Consultant amend the above-referenced agreement as set forth herein.

- 
1. Capitalized words in this Amendment have the same meaning as in the Master Agreement.
  2. The provisions of this Master Agreement (including any previous amendments) not modified by this Amendment remain in full force and effect.
  3. The provisions of this Amendment are effective upon execution of the Amendment by both parties.
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4. ☒ **Agreement Term:** Section 2 is amended to extend the expiration date from June 30, 2026 to December 31, 2027.

5. ☒ **Maximum Total Compensation:** Subsection 10.1 is amended to ☒ Increase ☐ Decrease the Maximum Total Compensation from \$9,750,000 to \$12,250,000.

6. ☒ **Agreement Section(s):** Section(s) 1.1 and 20.3 is/are amended to read as set forth in Attachment A of the Amendment.

7. ☐ **Basis of Compensation – Exhibit B:** The ☐ original ☐ First Revised ☐ Second Revised Exhibit B is amended to read as set forth in the attached ☐ First ☐ Second ☐ Third Revised Exhibit B, which is incorporated by reference into this Amendment.

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**This Amendment is executed by the authorized representatives of the City and Consultant as follows:**

**City of San José**

**Consultant**

By {{\_\_signer#}}

By {{\_\_signer#}}

Name: Toni Taber  
Title: City Clerk

Name: Craig Lichty  
Title: Principal in Charge

**Approval as to Form (City Attorney):**

☐ **Form Approved by the Office of the City Attorney.**

(Maximum Total Compensation, as amended, is \$100,000 or less,  
and the provisions of the form are not altered.)

☒ **Approved as to Form:**

{{\_\_signer#}}

Name: Rosalia Burgueño Tapia  
Title: Sr. Deputy City Attorney

☒ **First**

☐ **Second**

☐ **Third**

## **Attachment A**

### **Agreement Provision Amendment(s)**

This Attachment A is an attachment to the ☒ First ☐ Second ☐ Third amendment to Master Agreement.

The Section(s) set forth in the original Master Agreement, or in any previous amendment to the original Master Agreement, is/are amended as follows:

**1.1 General:** The Consultant will provide professional consulting services to the City on an as-needed basis pursuant to individual service orders issued in accordance with the terms and conditions of this Master Agreement. The type of professional consultant services the Consultant will provide can be described generally as: professional services for the Yard Piping Improvements Project ("Project").

**20.3 To Whom Given:** All notices and other communications between the parties regarding a specific Approved Service Order must be given to the contract managers identified in the Approved Service Order. All notices and other communications between the parties regarding the Master Agreement must be given to the individuals identified below using the appropriate contact information for giving notice:

To the City: City of San José  
Environmental Services Department  
Attn: Feng Ying Chang  
700 Los Esteros Road  
San José, CA 95134  
(408) 635-2093  
fengying.chang@sanjoseca.gov

To the Consultant: Black & Veatch Corporation  
Attn: Craig Lichty  
2999 Oak Road, Suite 490  
Walnut Creek, CA 94597  
415-350-7806  
LichtyC@bv.com

