



Legislation Details (With Text)

File #: ID16-1196 **Version:** 1 **Name:**

Type: Action Item **Status:** Passed

File created: 10/6/2016 **In control:** City Council

On agenda: 10/20/2016 **Final action:** 10/20/2016

Title: Actions pertaining to Supervisory Control and Data Acquisition and Programmable Logic Control Software Installation and Integration for the City of Fresno's Southeast Surface Water Treatment Facility and Kings River Pipeline Project (All Districts):

1. Reject all bids for Supervisory Control and Data Acquisition, and Programmable Logic Control Software Installation and Integration services for the City of Fresno's Southeast Surface Water Treatment Facility and Kings River Pipeline Project. (Bid File 3472).
2. Approve Project Change Order No. 5 to WM Lyles Company in the amount of \$2,493,750 for Supervisory Control and Data Acquisition and Programmable Logic Control Software Installation and Integration Services for the City of Fresno's Southeast Surface Water Treatment Facility and Kings River Pipeline Project.
3. Approve a one-time extension of the current limits of Construction Contract Change Order Authority for the City of Fresno's Chief Administrative Officer to \$3,500,000 as related to the Southeast Surface Water Treatment Facility.

Sponsors: Department of Public Utilities

Indexes:

Code sections:

Attachments: 1. 3472RFPEvalReject.pdf, 2. SESWTF_CO5_Attachments.pdf, 3. BF 3472 Summary of Information - Evaluation Criteria Final .pdf

Date	Ver.	Action By	Action	Result
10/20/2016	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

October 20, 2016

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SUBJECT

Actions pertaining to Supervisory Control and Data Acquisition and Programmable Logic Control

Software Installation and Integration for the City of Fresno's Southeast Surface Water Treatment Facility and Kings River Pipeline Project (All Districts):

1. Reject all bids for Supervisory Control and Data Acquisition, and Programmable Logic Control Software Installation and Integration services for the City of Fresno's Southeast Surface Water Treatment Facility and Kings River Pipeline Project. (Bid File 3472).
2. Approve Project Change Order No. 5 to WM Lyles Company in the amount of \$2,493,750 for Supervisory Control and Data Acquisition and Programmable Logic Control Software Installation and Integration Services for the City of Fresno's Southeast Surface Water Treatment Facility and Kings River Pipeline Project.
3. Approve a one-time extension of the current limits of Construction Contract Change Order Authority for the City of Fresno's Chief Administrative Officer to \$3,500,000 as related to the Southeast Surface Water Treatment Facility.

RECOMMENDATIONS

Staff recommends that Council reject all submitted bids, approve project Change Order No. 5 (CO#5) as related to Supervisory Control and Data Acquisition (SCADA) and Programmable Logic Control (PLC) software installation and integration services for the City of Fresno's Southeast Surface Water Treatment Facility (Facility), and Kings River Pipeline (Pipeline) Project, and approve a one-time extension of the current limits of Construction Contract Change Order Authority for the City's Chief Administrative Officer to \$3,500,000 for the Facility.

EXECUTIVE SUMMARY

In July 2016, a single bid for services related to the installation and integration of SCADA and PLC software for the City's Facility and Pipeline Projects was received over two times the Engineer's Estimate. Although cost reduction negotiation efforts were implemented, the final proposed cost for services remained approximately 40% above the Engineer's Estimate and outside the cost limits for this component in maintaining the overall established budget for the project. In recognition of potential construction schedule impacts related to this component, the general contractor (WM Lyles) has proposed to initiate a project Change Order utilizing a qualified integration service provider that they have worked successfully with in the past.

Affirmative action by Council to: 1) reject the submitted bid, 2) approve project CO#5, and 3) provide a one-time extension of authority for project change order approvals to the City's Chief Administrative Officer, will enable the City and contractor to move forward in meeting original project budget and schedule while maintaining an administrative avenue for approval of necessary and/or unanticipated project work that may cause or exacerbate increases in construction cost or duration.

Costs related to completion of this project component are covered under the Safe Drinking Water State Revolving Fund (SDWSRF) Low-Interest Loan previously accepted by Council for this project.

BACKGROUND

Requests for Proposals for installation and integration of SCADA and PLC software for the City's Facility and the Pipeline Projects were extended to ten Building Exchanges, and advertised in the Business Journal on May 25, 2016. During the initial bid period, the City Purchasing Department was informed that at least two qualified potential bidders were not intending to respond due to perceived overly restrictive qualification requirements (e.g. highly specific certifications and experience with a

specified software product). Therefore, to encourage a greater pool of potential bidders, two bid addenda were issued during the bid period which extended the bidding period and modified bidder certification and experience requirements. A public proposal opening was held on July 12, 2016, with one bid submitted.

While the Engineer's Estimate for this project component was approximately \$2,500,000, the cost of services noted in the single submitted bid was \$5,229,285 (~210% above the Engineers Estimate). In a coordinated effort with the City's Purchasing Department, the submitting bidder performed a service cost re-evaluation, resulting in cost reductions of several work tasks, and submittal of a final cost estimate of \$3,499,483 (~40% over the Engineers Estimate). To ensure accuracy of the Engineers Estimate, an independent verification was performed by the Department of Public Utilities' programmatic engineering team, resulting in a comparable estimate of approximately \$2,800,000.

In post bid opening follow up, the City's Purchasing Department verified that all potential bidders (plan holders) acknowledged receipt of all bid addenda and met minimum qualifications for the project. Two of the reputable potential bidders expressed reservations about submitting bids based on internal assessments that their qualifications would not overcome the eventual single bidder's more specific qualifications in a qualifications-based competition. One of these two potential bidders also expressed concern that the schedule for a project of this size and complexity represented too much risk for them to submit a proposal.

In recognition of the low probability for submission of an adequate number of cost-effective proposals and timelines associated with the re-bidding of this project component, WM Lyles has submitted a viable alternative for utilizing and sub-contracting a qualified service provider for completion of this project component (i.e. the same scope of work and schedule) within acceptable budget limits and in accordance with the established project completion date.

WM Lyles and their electrical sub-contractor (Helix Electric) have proposed a project Change Order to utilize Technical Systems Incorporated (TSI) for SCADA and PLC installation and integration services. Helix and TSI staffs have a successful and long-term relationship in performing extensive software installation and integration services on a variety of water and wastewater projects. TSI's 46 years of experience includes working with the designated program software.

By incorporating this SCADA work component into the Facility through a contract change order, TSI will become a full member of the WM Lyles construction team directly linked to the electrical subcontractor. Helix's intimate project knowledge and long-term working relationship with TSI will serve to mitigate the City's schedule and cost risk exposure that would be present if the SCADA work was contracted directly to the City. The resultant team will be the single point of responsibility for completion of SCADA and PLC software installation and integration to meet operational expectations within budget and in accordance with the project schedule.

The cost for this project change order is \$2,493,750, which is 0.2% below the original Engineers Estimate. The SCADA project was included in development of the project construction budget for FY17, and thus, will not require any additions to the overall project budget. All costs for the SCADA project component are covered under the SDWSRF Low-Interest Loan previously accepted by Council.

Authorization for change order approval on this project is delegated to the Chief Administrative Officer for up to \$1,000,000 (in cumulative change order value) in accordance with the City's Construction Management Act (approved by Council on May 21, 2015). Once the \$1,000,000

threshold is reached or exceeded, further change orders require City Council's prior approval. Therefore, approval of this \$2,493,750 change order for the Facility exhausts the Chief Administrative Officer's change order approval authority. All future change orders on this project will require Council action regardless of size or urgency.

Since this change order is shifting costs within the Facility project budget and does not change the overall Facility project cost, staff requests Council approval of a one-time \$2,500,000 increase to the Chief Administrative Officers Construction Contract Change Order Authority for the Facility project bringing the authorization limit for cumulative change order value to \$3,500,000. This will preserve the Construction Management Act's intent of providing the Chief Administrative Officer with authority to approve changes for unanticipated/necessary work that must proceed with urgency to avert potential delays.

Council approval of the above actions will not result in a net increase to the established construction budget.

ENVIRONMENTAL FINDINGS

By the definition provided in the California Environmental Quality Act (CEQA) Guidelines, Section 15378, the rejection of all bids does not qualify as a "project" as defined by the CEQA requirements.

LOCAL PREFERENCE

Local preference was not implemented because actions are related to rejection of bids and a project change order.

FISCAL IMPACT

The recommendation for the rejection of all bids has no fiscal impact. The project change order for the SCADA software installation and integration services will be funded by the SDWSRF Low Interest Loan as part of the construction of the Facility and Pipeline projects. Appropriations are included in the Water Division's Fiscal Year 2017 Capital Improvement Program adopted budget within the SRF Facility (D15-02012) Loan Fund (40188). The debt service payments for the low interest loan were included in the water rate model used to create the five-year utility rate plan that was adopted by the City Council on February 26, 2015. There is no impact to the General Fund.

As the recommendation is for rejection of all bids, there is no fiscal impact.

Attachments:

Summary of Bid Evaluation Forms

Bid Evaluation Forms

Contract Change Order No. 5