



Agenda Date: 5/18/2016  
Agenda Placement: 8A

## Napa Sanitation District Board Agenda Letter

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**TO:** Honorable Board of Directors

**FROM:** Timothy Healy - General Manager  
NS-Technical Services/Engineer

**REPORT BY:** Kyle Broughton, Associate Engineer - 258-6000 x530

**SUBJECT:** Reject Bid Protest; Award Construction Contract for Aeration Basin Diffuser, Instrumentation and Controls Project (CIP 15713)

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### **RECOMMENDATION**

Reject bid protest from Aztec Consultants; Award construction contract for the Aeration Basin Diffusers, Instrumentation & Controls Project (CIP 15713) to Spiess Construction Co., Inc. in the amount of \$1,176,000; Authorize the General Manager to execute the Agreement with the Contractor and issue the Notice to Proceed, when appropriate.

### **EXECUTIVE SUMMARY**

#### **Summary of Bids**

Bids were opened for the Aeration Basin Diffusers, Instrumentation & Controls Project (CIP 15713) on May 4, 2016. Six (6) bids were received. The engineer's estimate of probable construction cost was \$1,060,000. The complete bid results are provided as an attachment to this report, and the bid results included for discussion are presented below.

1. Spiess Construction - \$1,176,000
2. Aztec Consultants - \$1,477,700

#### **Bid Protest**

On May 4, 2016 Aztec Consultants (Aztec), the second lowest bidder, submitted a bid protest. Aztec protested that the low bidder's electrical subcontractor (St. Denis Electric) lacked the required electrical experience in municipal wastewater and water treatment projects. The protest noted that the project experience referenced by the electrical subcontractor was related to well site development; and therefore their listed projects lack the complexity found in

wastewater treatment plant projects. Aztec specifically requested that District Staff contact the references listed by St. Denis Electric to verify the value of electrical work was as stated on the bid form; and noted a concern of the significant price difference between its electrical subcontractor's bid and St. Denis Electric's bid; and requested that the District rule the low bid received from Spiess Construction (Spiess) unresponsive.

On May 10, 2016 Spiess provided a response to the protest noting their electrical subcontractor complied with the bid requirements; and both their and their electrical subcontractor's bids were complete and accurate. Spiess stated they have completed numerous water and wastewater treatment projects with the same electrical subcontractor.

On May 11, 2016 Spiess provided an additional response. The response elaborated on the complexity of their electrical subcontractor's experience on a water treatment project; this included chemical injection systems, water quality analyzers, pumps, flow meters, instrumentation, programming, and integration of the new equipment into SCADA systems. The response also noted that they will be utilizing a well-known instrumentation and electrical supplier and will be using the District's preferred system integration contractor (WorkSMART) as required by the bidding documents.

The bid protest period ended on May 11, 2016 without any additional protests. All correspondence from Aztec Consultants and Spiess Construction are included as attachments to this report.

#### Staff Investigation of Bid Protest

Following receipt of Aztec's bid protest, Staff carefully reviewed the low bidder's bid to evaluate responsiveness in light of Aztec's challenge. Staff also requested a response from Spiess, telephoned all references listed by both Spiess Construction and St. Denis Electric, and performed additional investigation of publicly available information on the internet. These additional investigations were appropriate under the circumstances because Aztec's protest raised questions regarding the responsibility of St. Denis Electric.

#### Evaluation of Bid Responsiveness

Aztec challenged St. Denis Electric with respect to two of the bid experience requirements.

First, the electrical subcontractor was required to have performed at least \$3 million in construction volume for electrical and instrumentation systems on no more than five (5) projects. St. Denis Electric listed four (4) projects, with a total construction volume of \$3,343,212. The bid is therefore responsive to this request.

Second, one (1) of the five (5) listed projects was required to be at least \$0.5 million, completed in the last five years, and be either a municipal wastewater or water treatment project, or, a municipal wastewater or water pump station project. St. Denis Electric listed two (2) projects that appear responsive to this requirement, the Nipomo BP #4 Well Site Development and Water Treatment Facility and the Delano Well 21 Development project.

The low bidding general contractor, Spiess, worked with St. Denis Electric on the Nipomo project and provided a detailed description of the work in their May 11, 2016 protest response letter. The Nipomo project was not a pump station or pipeline project, based in Spiess' detailed project description, and appears similar in complexity to a traditional water treatment plant. The electrical portion of that project was listed as \$1,547,728.56, a value that Spiess confirmed. This project therefore satisfies this bid requirement.

Staff located a Notice Inviting Bids for the Delano project, which is described as follows: "The Well 21 Improvements include upgrades to the electrical distribution system serving the existing well, booster pumps, and water treatment plant..." Based on a December 2013 Delano City Council Agenda, the total project cost was listed as \$1,783,965. St. Denis Electric listed the value of the electrical components as \$577,785.56, which appears

reasonable based on the total project cost. This project also satisfies this bid requirement and the bid is responsive.

### Evaluation of Bid Responsibility

Staff telephoned all four (4) owner's representatives listed on St. Denis Electric's Certification of Electrical Subcontractor's Experience and Qualifications form and received responses from two, Riverdale Public Utility District and Nipomo Community Services District. Both provided complementary reports for St. Denis Electric's work on their projects.

Staff also performed internet searches to verify dollar amounts of the other two projects listed by St. Denis Electric, the Riverdale Well 5 and Water Treatment Facility project and the Lamont Well 19 Development project.

Information regarding the Riverdale Public Utility District Well 5 project was not available online. On the Lamont project, St. Denis Electric listed the value of the electrical package as \$499,897.88. Staff located a Lamont PUD Board meeting agenda for the January 25, 2016 meeting, which listed the following Agenda item: "Report and Possible Minute Action: Approval to file the Notice of Completion and to release the project retention in the amount of \$153,020.31 for the Water Well #19 project."

It is likely that the project was deemed complex and the retention withheld was 10%, so the total project value was likely approximately \$1,530,020.31. The listed value of the electrical package therefore appears reasonable.

Based on Staff's investigation, St. Denis Electric appears to be a responsible and qualified electrical subcontractor that is capable of performing the work.

### FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	\$1,200,000 is budgeted for the project in the proposed FY 16/17 capital improvement program.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	The existing Aeration Basin diffusers have reached the end of their service life and require replacement prior to the 2016 river discharge season. The Activated Sludge process can be optimized with continuous influent flow balancing and refining dissolved oxygen controls. Replacement of the diffusers and refining the Activated Sludge process will result in energy and chemical savings.
Is the general fund affected?	No
Future fiscal impact:	The project is scheduled to be completed during FY 16/17. Staff anticipates energy savings as a result of the aeration diffuser equipment replacement and the optimization of dissolved oxygen control in the Activated Sludge process.
Consequences if not approved:	The existing diffusers, which have reached the end of their service life will not be replaced. Some panels have failed and others are expected to fail in the future if not replaced. This condition would adversely affect the Activated Sludge process, increase the blower energy consumption due to poor

dissolved oxygen control in the Aeration Basins, and could result in regulatory violations to the District's discharge permit due to effluent noncompliance.

Additional Information:

### **ENVIRONMENTAL IMPACT**

Staff performed a preliminary CEQA review of this project and determined the project is Categorical Exempt. This project consists of replacement of existing equipment involving negligible expansion of capacity, which corresponds to Categorical Exemption 15301(b) of the California Environmental Quality Act (CEQA) guidelines. The Board concurred with Staff's CEQA determination on March 16, 2016 and the Notice of Exemption has been filed with the Office of the Recorder.

### **BACKGROUND AND DISCUSSION**

The Aeration Basins are a critical component of the District's treatment process. The project consists of replacing existing aeration diffuser equipment that has exceeded its service life; its performance has deteriorated to the extent that replacement is required prior to the 2016 river discharge season. The project also includes improvements to the Activated Sludge process by automating the activated sludge streams into the aeration basins and refining air control with automated air control valves, air flow meters, new dissolved oxygen monitoring instruments, and ammonia monitoring. District operations staff expects energy savings and a decrease in the amount of chemical addition into the Activated Sludge process as a result of the improvements.

Due to the complexity of the Aeration Basin Diffusers, Instrumentation & Controls Project, District Staff required that bidding general and electrical subcontractors meet minimum experience criteria for projects related to water or wastewater treatment plants, and list relevant projects within their bids.

### **SUPPORTING DOCUMENTS**

- A . CIP 15713 Bid Results
- B . CIP 15713 Bid Protest
- C . CIP 15713 Bid Protest Response 1
- D . CIP 15713 Bid Protest Response 2
- E . CIP 15713 Presentation Slides

Napa Sanitation District: Approve

Reviewed By: Timothy Healy