



City Council Report

915 I Street, 1st Floor
Sacramento, CA 95814

www.cityofsacramento.org

File #: 2016-01475

December 13, 2016

Consent Item 15

Title: Approval of a Master List for Accelerated Water Meter Program Contractors

Recommendation: Pass a Motion approving a Master List of 12 prequalified contractors for the Accelerated Water Meter Program.

Location: Citywide

Contact: Dan Sherry, Engineering & Water Resources Manager, (916) 808-1419;
Michelle Carrey, Supervising Engineer, (916) 808-1438; Ian Pietz, Senior Engineer,
(916) 808-1910, Department of Utilities

Presenter: None

Department: Department of Utilities

Attachments:

- 1-Description Analysis
- 2-Attachment A – Master List of AWMP contractors
- 3-Attachment B - Resolution 2016-0279
- 4-Attachment C – Multiple Award Task Order Process Outline

Description/Analysis

Issue Detail: Staff recommends that the City Council approve the Master List of 12 prequalified contractors (see Attachment A) for the Accelerated Water Meter Program (AWMP). On August 4, 2016, the City Council passed Resolution No. 2016-0279 (see Attachment B), suspending competitive bidding for implementation of the AWMP, to allow use of an alternate competitive procurement process known as Multiple Award Task Order Contracts (MATOC) to select contractors for the AWMP. As part of this process, staff is returning to City Council to request approval of the Master List of prequalified contractors, which was developed through a Request for Qualifications (RFQ) process.

Policy Considerations: The City Council approved the use of the MATOC procurement method, which utilizes RFQ and Request for Proposals (RFP) processes to select a group of the most qualified contractors and have them perform the work through the award of multiple contracts based on proposals from the selected contractors, to maximize quality assurance and customer service, and to complete the AWMP in a coordinated, cost-effective, and timely manner. Approval of the Master List of prequalified contractors is the next step in the MATOC process.

Economic Impacts: None.

Environmental Considerations: The AWMP was reviewed and determined to be categorically exempt from the California Environmental Quality Act (CEQA). The program includes replacing existing water mains (utility systems) involving negligible expansion of capacity (CEQA guidelines Section 15302 (c)), as well as the installation and location of new, small utility facilities (water meter boxes) (CEQA guidelines Section 15303). Each individual contract will be reviewed, prior to contract award by the City Council, to determine whether the work included in the contract includes any circumstances affecting the applicability of CEQA exemptions to such work.

Sustainability: The AWMP supports the goals of the City's Sustainability Master Plan by improving water conservation awareness through metered billing with a monthly statement of water usage to customers. Water meter installation also furthers the City's progress in implementing the Water Forum Agreement and the California Urban Water Conservation Council Best Management Practices (BMPs 1, 4, and 7).

Commission/Committee Action: Not applicable.

Rationale for Recommendation: To meet the AWMP installation schedule and select the most qualified contractors to perform the work, Council approved using an alternative,

competitive procurement process (MATOC) - which is a contractor selection process based on qualifications, performance-based criteria, and pricing. Attachment C outlines the steps of the MATOC procurement process. A Request for Qualifications was formally advertised on October 3, 2016. Statements of Qualifications were received on October 28, 2016 from 17 firms of varying size and experience levels. A selection committee comprised of internal and external staff reviewed all submittals received.

Based on the findings of the City's selection committee, staff recommends Council approval of the Master List of prequalified contractors for the AWMP that includes the 12 firms identified on Attachment A. The following 5 contractors did not meet the minimum requirements for the AWMP Master List of Qualified Contractors: American Pipeline Services, Arrow Construction, Falcon Construction, Mountain Cascade Inc., and Saboo Inc.

Financial Considerations: The recommendations in this report do not result in any financial impact to the City. Upon approval of this recommendation, staff will continue with the MATOC process, and return to City Council with recommendations for award of Task Order contracts to contractors selected from this Master List through the RFP process.

Local Business Enterprise (LBE): The City is seeking a mix of State Revolving Fund (SRF) loan financing and bond financing for the AWMP. If SRF funding is secured, the Minority, Women, and Disadvantaged Business Enterprise (M/W/DBE) participation goals and requirements imposed under the funding agreement will apply in lieu of the City's LBE participation requirements. When bond financing or cash is utilized, the City's LBE participation requirements will apply.

Background: On August 4, 2016, the City Council approved the use of an alternative, competitive procurement process to ensure that the AWMP can be completed by December 31, 2020. This process, referred to as the Multiple Award Task Order Contracts (MATOC) procurement process, utilizes a RFQ process to pre-qualify contractors to develop a Master List of qualified contractors to perform this work. The Master List will then be used to issue RFPs for specific tasks (i.e., defined portions of the AWMP). MATOC is a contractor selection process based on qualifications, performance based criteria, and pricing that will allow the City to award contracts to qualified contractors and repeat the process multiple times if the contractors perform well and within budget.

The process to develop the AWMP Master List of qualified contractors consisted of the following:

- Request for Qualifications (RFQ) prepared by the City and issued publicly. The RFQ included general guidelines and project information, submittal and qualification

requirements, and the evaluation criteria / selection process to be utilized by the City to develop the Master List.

- Statement of Qualifications (SOQ) prepared by interested contractors (Respondents), in conformance with the requirements of the RFQ, and submitted to the City for review and evaluation.
- SOQ Review and Evaluation performed by the City's Selection Committee to assess whether Respondents satisfy the requirements of the RFQ with respect to SOQ compliance with minimum qualifications and requirements. The selection committee was comprised of three internal city staff, two members of the Carollo consultant team, and one external agency staff.
- AWMP Master List developed by the City's Selection Committee. Those Respondents demonstrating compliance with requirements of the RFQ are included on the City's Master List for continuation in the procurement process.
- Five contractors did not meet the minimum requirements for the AWMP Master List of Qualified Contractors. These five were excluded for the following reasons:
 - One contractor was disqualified due to prior safety performance not meeting the established minimum safety qualifications.
 - Four contractors were disqualified due to the lack of previous water meter retrofit and water main replacement work experience.

AWMP Master List of Prequalified Contractors (December 2016)

Based on the findings of the City's Selection Committee, the following twelve (12) firms have met the requirements of the RFQ, and comprise the Master List for the AWMP:

- Doug Veerkamp General Engineering
- Florez Paving
- Granite Construction
- Lund Construction Co.
- Marques Pipelines, Inc.
- McGuire & Hester
- Navajo Pipelines, Inc.
- Ranger Pipelines, Inc.
- Rawles Engineering, Inc.
- T&S Construction Co., Inc.
- Teichert Construction
- West Valley Construction

RESOLUTION NO. 2016-0279

Adopted by the Sacramento City Council

August 4, 2016

SUSPENDING COMPETITIVE BIDDING FOR IMPLEMENTATION OF THE ACCELERATED WATER METER PROGRAM, TO ALLOW USE OF AN ALTERNATE COMPETITIVE PROCUREMENT PROCESS

BACKGROUND

- A. On February 24, 2015, the City Council adopted Resolution No. 2015-0056, approving changes to the City's water meter installation guidelines to accelerate the installation of water meters to complete the installation of meters on all City water service connections by December 31, 2020, four years ahead of the statutory deadline specified in Assembly Bill 2572.
- B. On October 27, 2015, the City Council approved a professional services agreement with Carollo Engineers (Carollo) to assist the City with development and implementation of a program to accelerate and complete the installation of water meters as specified in Resolution No. 2015-0056.
- C. On March 29, 2016, the City Council adopted Ordinance No. 2016-0015, approving four successive annual increases to the City's water service rates, to take effect on July 1, 2016, and annually thereafter for three years, in part to provide funding to accelerate the City's completion of water meter installation as specified in Resolution No. 2015-0056.
- D. City staff, with the assistance of Carollo, has developed a proposed Accelerated Water Meter Program (AWMP) to perform and complete water meter installation by December 31, 2020 as specified in Resolution No. 2015-0056. To implement the AWMP through the end of 2020, it will be necessary for the City to design, bid, award, and manage contracts to install approximately 40,000 water meters, and install approximately 80 miles of water main, at a total cost of approximately \$230 million. Under the City's standard contract solicitation process for public project construction, each separate contract to implement a portion of the AWMP would be designed, competitively bid, and awarded to the lowest responsible bidder for that portion of the work.

- E. City staff is proposing the use of an alternative competitive process for procurement of the services and work required to implement the AWMP, utilizing a Request for Qualifications (RFQ) process to develop a Master List of the most qualified contractors to perform the work, and a Request for Proposals (RFP) process to distribute the work through multiple contracts (Task Orders) with the selected contractors. This will lead to the completion of the AWMP in a coordinated, cost-effective, and timely manner. This proposed alternative competitive procurement process is described in more detail in Exhibit A of this Resolution. To authorize use of such a process, the City Council must suspend the City's normal competitive bidding requirement, that would otherwise require a separate bidding and award process for each portion of the work required to implement and complete the AWMP.
- F. City Code Section 3.60.170(D) allows the City Council to suspend competitive bidding upon a two-thirds vote, if the City Council determines that it is in the best interests of the City to do so. It is in the City's best interests to suspend competitive bidding for implementation of the AWMP, so the City can use the alternative process described in Exhibit A, because:
- The City's standard competitive bidding process requires bidding and contract award to a single contractor based on price alone, provided the contractor meets the minimum qualifications specified to perform the work, and the City has no leeway to distinguish between bidders that meet minimal qualifications and more qualified bidders that exceed the minimum qualifications. Using the alternative process will allow the City to select a group of the most qualified contractors to perform the work necessary for successful implementation of the AWMP, and distribute the work among these contractors in a manner that best meets the AWMP goals and objectives;
 - Using the alternative process rather than bidding and awarding contracts based on price alone will allow the City to evaluate and retain a group of the most qualified contractors for performance of the AWMP work based on a combination of price and other qualification considerations, such as water meter installation experience, past performance with the City, safety records, customer/public care, local hire participation, and other relevant factors. In addition, using this process will provide a significant ongoing incentive for the selected contractors to maintain high levels of service and responsiveness in order to continue performing work throughout implementation of the AWMP, as a contractor whose performance under

one AWMP contract is unsatisfactory would not be considered for successive contract awards;

- Effective communication and coordination between the City, its contractors, customers, and property owners is critical to the success of water meter and main installation projects that involve construction work on and adjacent to private property. Selecting a group of the most qualified contractors will allow the City to select contractors who best understand the comprehensive requirements of performing this type of work in order to provide a quality work product, excellent customer service, and effective property owner coordination, which will reduce the likelihood of significant problems and better ensure successful implementation of the AWMP;
- Using the alternative process will best enable the City to meet the completion deadline for the AWMP because it will create a stable, reliable pool of contractors for future, repeatable work packages; and will expedite issuance of contracts, as staff is able to recommend contract awards to contractors from the qualified contractor pool for each task order, rather than having to provide a separate bidding and award process for each portion of the work required; and
- Using the alternative process will be cost-effective and provide the best value to City water ratepayers, because it will promote cost and schedule efficiencies and ensure that the accelerated water meter program is completed by the December 31, 2020 deadline, enhancing the City's ongoing water conservation measures and better enabling the City to promote water conservation by its customers through consumption-based billing.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. Competitive bidding is suspended, in the best interests of the City, for procurement of the services and work utilized to implement and complete the Accelerated Water Meter Program.

Section 2. Use of the alternate competitive procurement process described in Exhibit A is approved.

Section 3. Exhibit A is made a part of this Resolution.

Table of Contents:

Exhibit A – Description of AWMP Alternate Competitive Procurement Process

Adopted by the City of Sacramento City Council on August 4, 2016, by the following vote:

Ayes: Members Carr, Guerra, Hansen, Harris, Jennings, Schenirer, and Warren

Noes: None

Abstain: None

Absent: Member Ashby and Mayor Johnson

Attest:

Shirley Concolino Digitally signed by Shirley Concolino
DN: cn=Shirley Concolino, o=City of Sacramento, ou=City
Clerk, email=sconcolino@cityofsacramento.org, c=US
Date: 2016.08.16 10:40:51 -07'00'

Shirley Concolino, City Clerk

EXHIBIT A

Alternate Competitive Procurement Process Accelerated Water Meter Program (AWMP)

The Department of Utilities will utilize a procurement process sometimes referred to as Multiple Assignment Task Order Contracting (MATOC), which involves selection and award of multiple task order contracts to a pre-qualified pool of Contractors based on the Contractors' qualifications, capacity, performance-based criteria, and pricing. This is a multi-step process consisting of a Request for Qualifications, Council approval of a Master List of pre-qualified Contractors, issuance of Requests for Proposals, and Council award of Task Order contracts. The process is outlined below:

1. Request for Qualifications (RFQ)

- Department of Utilities (DOU) issues a request for letters of interest (LOI) from the contracting community to gauge interest in the AWMP.
- After receiving LOIs, DOU issues RFQ soliciting financial, technical, and managerial qualifications and other pertinent information from contracting community.
- Interested Contractors provide Statement of Qualifications (SOQ) submittals and estimated unit cost pricing for AWMP work to DOU.
- DOU evaluates SOQ submittals in accordance with the RFQ criteria to create a Master List pool of pre-qualified Contractors.

2. Approval of Master List of pre-qualified Contractors

- DOU recommends that City Council approve the Master List of the pre-qualified Contractors from the RFQ process.
- Additional RFQ processes may be conducted over duration of the AWMP to add pre-qualified Contractors to the Master List, if needed.

3. Request for Proposals (RFP)

- DOU divides AWMP into various Task Orders. Each Task Order is a contract for a project area.
- DOU issues RFPs for specific Task Orders to all Contractors on Master List, requesting scope, schedule, pricing, local hire participation and other information relative to performance of the Task Order work.
- Contractors submit Proposals containing technical and pricing information.
- DOU evaluates Contractor Proposals in accordance with the RFP criteria and negotiates Task Order terms and pricing with selected Contractors.

- Evaluation of a Contractor will consider Contractor's performance of prior Task Order(s), as well as the Contractor's pricing, local hire participation and capacity to perform the Task Order work.
- Contractor's pricing will be compared to what the Contractor submitted in the RFQ process, and all recent similar contracts DOU has awarded over the past 5 years through the traditional design-bid-build process.

4. Award of Task Order Contracts

- DOU recommends Council award of individual Task Order Contracts to Contractors selected through the RFP process.
- It is currently estimated that each Task Order Contract will range between 2 and 15 million dollars.

5. Multiple Assignment of Task Order Contracts

- DOU anticipates between 5 and 10 Task Order Contracts will be awarded each year for the duration of the AWMP.
- Upon or near completion of each Task Order Contract, DOU will evaluate the performance and capacity of each Contractor to ensure they continue to meet the City's expectations.
- If the Contractor performs well, they are placed back in the queue with the other pre-qualified Contractors on the Master List for the next Task Order RFP.
- Steps 3, 4, and 5 are repeated until all AWMP work is completed.

Attachment C

Multiple Award Task Order Process Accelerated Water Meter Program (AWMP)

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