

**PINOLE / HERCULES
Wastewater Subcommittee**

**Minutes prepared by: Anita Tucci-Smith
February 4, 2016
8:30 A.M.**

The regular meeting was hosted by the City of Pinole in the Council Chambers of City Hall.

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE

Debbie Long, Councilmember, City of Pinole, called the meeting to order at 8:35 A.M.

II. ROLL CALL

Subcommittee Members Present:

Debbie Long, Mayor Pro Tem, City of Pinole
Peter Murray, Councilmember, City of Pinole
Dan Romero, Mayor, City of Hercules
Sherry McCoy, Councilmember, City of Hercules

Subcommittee Members Absent:

None

Staff Present:

Michelle Fitzner, City Manager, Pinole
Al Petrie, Interim Director of Public Works, Pinole
Mike Roberts, Public Works Director/City Engineer, Hercules

Members of the Public:

Mark _____, Kiewit Corporation
Anthony Gutierrez, Pinole
Holly Kennedy, HDR, Inc.
Mike Warriner, Carollo Engineers

III. INTRODUCTIONS

IV. APPROVAL OF MINUTES FROM JANUARY 7, 2016 MEETING

Action: Motion by Hercules Councilmember McCoy, seconded by Hercules Mayor Romero to approve the minutes of the January 7, 2016 meeting, as submitted, carried by the following vote:

Ayes: McCoy, Murray, Romero, Long
Noes: None

Abstain: None
Absent: None

V. CITIZENS TO BE HEARD – FOR ITEMS NOT ON THE AGENDA

There were no speakers.

VI. RECOMMENDATION OF APPROVAL ON AMENDMENT TO THE CAROLLO CONTRACT

(A) Breakdown of Task #5 to Carollo Proposal – PW Duties Now Task #7

Mike Warriner, Carollo Engineers, the Project Manager, advised that a breakdown of Task #6 had been provided for an amended cost to go from a 24- to a 30-month construction effort, the administration of the Project Labor Agreement (PLA), and for assuming Pinole Public Works Department (PWD) duties. The amendment had been presented to the Pinole and Hercules City Councils and both had requested additional breakdowns and definitions of the items, which he provided at this time. Task #7 represented the increase to handle the PWD duties for the project. He noted that the City of Pinole was currently advertising the position and the cost had been broken down into six-month increments to account for the possibility that a PWD hire would assume those duties.

Mr. Warriner responded to questions related to the cost of each task, clarified that Carollo Engineers was the Inspector of Record for the project, and advised that he had already assumed extra duties associated with the bidding process although no billing for that task would occur until approved but would likely start retroactively to December 2015 when the City Manager had retired and when more of the work had been done by Carollo Engineers. He clarified the work that HDR, Inc. had been doing since that time. In addition, the original scope for Carollo Engineers was to have a pre-construction meeting with the neighborhood, which was expected to occur on February 17, and which would not affect the identified costs.

Mr. Warriner explained that Task #5 was on a time and materials basis, not to exceed. Each month the hours would be billed, by individual, and identify what was expended to date and what remained on the contract. He stated that a full breakdown of billings was required so that the State could also verify the hours and what was spent on the job.

Mike Roberts, Public Works Director/City Engineer, Hercules, recommended lumping the cost for the additional year it took to get to construction, and suggested that be broken out separately and that the labor escalation be included for clarification purposes.

Mr. Warriner stated he would provide that information before the next City Council meetings.

Anthony Gutierrez, Pinole, questioned the 11.2 hours per month that the contract identified the Public Works Director would have worked on the project given earlier comments that the Director would be working almost full time on the project. He questioned whether that short time would be sufficient. He did not want to see the Project Manager be overburdened.

Chair Long clarified that originally the former Public Works Director was to have been the Project Manager, although since he had retired Carollo Engineers, as the Project Manager, had assumed many of the things that the then Director would have done. There would still need to be oversight by the City’s Public Works Director, when hired.

Mr. Warriner explained that because the project had been delayed one year, Mark Wing, the individual who was to have been the resident project representative was not available. As a result, another individual yet to be named who lived in the area would take on the duties of the project.

The Subcommittee made the following requests:

- Calls related to issues or complaints to be forwarded to the Pinole City Manager or Assistant City Manager as opposed to through Carollo Engineers at its hourly rate;
- There shall be outreach to the neighborhoods throughout the construction period to keep the public informed, but not necessarily through a workshop format;
- Provide an annual breakdown of Carollo Engineer’s labor escalation costs.

Action: Motion by Hercules Councilmember McCoy, seconded by Hercules Mayor Romero to approve the breakdown of Task #5 to Carollo Proposal – Public Works Director Duties now Task #7, with the comments submitted, carried by the following vote:

Ayes:	McCoy, Murray, Romero, Long
Noes:	None
Abstain:	None
Absent:	None

(B) Amended Costs Related to Task #6 – Administration of the Project Labor Agreement

Mike Roberts, Public Works Director/City Engineer, Hercules, advised that the City of Hercules had sent a letter to the City of Pinole in June 2015 to indicate that Hercules did not intend to participate in paying for the direct costs associated

with the PLA. As a result, Task #6 related to the administration of the PLA had been separated from the other tasks.

Given no consensus to approve Task #6, **Chair Long** stated the item would have to be considered by the Pinole City Council.

VII. REVIEW AND RECOMMEND APPROVAL OF A CONTRACT WITH HDR

(A) Proposal Related to Engineering Review During Construction

Al Petrie, Interim Director of Public Works, Pinole, advised that the project designer, HDR, Inc. had provided a draft of its scope of work, presented a summary of the time and materials proposal, and stated it was important that there was someone to assist Mike Warriner when an interpretation of the plans and specifications would be needed and when HDR would assist in that regard. He identified the primary issues of concern that he and Mr. Roberts had with respect to sub tasks 2.2 and 2.3, the submittals and Requests for Information (RFIs). After a meeting with HDR and a reassignment of some of the RFIs, HDR had reduced the amount of the contract proposal from \$1.736 million to \$1.36 million.

Mr. Roberts suggested that reducing the hours too much could translate into delays or difficulty in responding to claims from the contractor. While the number seemed large, in comparison with the contract it was about 3 percent, in the ballpark in the industry.

Holly Kennedy, HDR, Inc., explained that HDR had completed the design of the project last year. She described the submittals and RFIs where questions might require clarification to address any conflicts in the field, stated that typically RFIs and submittals had different levels of urgency, and typically HDR would work with the Construction Manager (CM) to understand the urgency of each submittal and RFI, and respond accordingly with a one to two-week turnaround.

Mr. Warriner explained that the specifications identified a specified response period. As to RFIs and submittals, he suggested there could be 250 individual submittals on equipment and materials for the project, as proposed, and a number could be resubmittals or a third submittal. He clarified that he would handle a number of administrative submittals instead of HDR; there would be one project documentation system for everyone on the job, called eDoc; and Carollo Engineers would provide eDoc for all parties including HDR, Inc.

Ms. Kennedy responded to questions with respect to Items 2.4 and 2.5 as to why a Project Manager and an Assistant Project Manager were both required. With respect to 2.4, HDR would have the Assistant Project Manager participate in three meetings per month by conference call, and had budgeted to have two people attend a meeting in person each month. She explained it was HDR's experience that it was beneficial to have two people attend those meetings,

offering an opportunity to improve their performance, be responsive to the contractor, and coordinate with the CM. Item 2.5 related to periodic site visits, typically at the request of the CM and based on what was going on with the project.

Mr. Warriner explained that conference calls would be used more than in-person visits so that any questions that might arise in the initial phases could probably be answered by phone as opposed to a visit to the site. He added that HDR was required by law to visit the site during construction and witness certain aspects of the construction.

Ms. Kennedy responded to additional questions from the Subcommittee with respect to HDR's duties, requirements, and responsibilities. With respect to the Project Manager and Assistant Project Manager, she explained that HDR had to make some assumptions in the scope of work to build a budget; stated it was a time and materials contract and any resource included would not be charged if not needed; clarified that the two positions would have different roles; and noted that HDR could defer to the CM on who was needed at the meetings.

Mr. Warriner stated as the CM it was be his responsibility each week to advise HDR of whether or not they needed to attend meetings, and he would have the same ability under the Public Works Director role.

On the discussion of whether HDR's proposal was excessive, **Ms. Kennedy** explained that HDR had done similar projects throughout the state for many decades and was familiar with what it would take to do the work. On the low end, engineering construction for a wastewater treatment plant was from 3 to 6 percent on construction, and HDR's adjusted proposal of \$1.3 million was just above 3 percent of construction. She characterized the subject project as very complex, on a tight site, with a lot of facilities in the ground, which had been reflected in the proposal. She added that HDR had budgeted an allowance of 10 percent for expenses for other direct costs/project related expenses and she described what had been included in that allocation. The budget had been based on the number of submittals and RFIs anticipated based on HDR's experience nationwide, and specifically on two relatively recent examples.

Mr. Warriner stated that CM staff would prepare a punch list, the project would be built in phases, individual structures would be brought on line throughout the project, and he and his staff would punch out each of the facilities as they came on board with the assistance of the design staff, which needed to approve the fact that the facilities were running as the design intended. He stated that wastewater treatment plant construction relied heavily on hydraulics, and in order to save operational costs and make it fully efficient they go underground from structure to structure in order to use the static head of the facility as the water moved around the plant. While everything could be moved aboveground and pumped from structure to structure, the increased cost for pump maintenance and operational energies would create costs that made it inefficient and

impractical. When asked, he stated language in the documents stipulated that if the contractor had submitted documents that were incomplete, the contractor had one more opportunity to submit a complete set. After the second review, the contractor could be held liable for the costs of further reviews.

In further response to the Subcommittee as to why the proposal was just now being submitted and in response to the concern for duplicative or overlapping work, **Mr. Warriner** explained that California Contract Codes required the designer to perform certain special inspections in the course of the work. While HDR was the Engineer of Record, the City had the ability to choose a different Engineer of Record. He explained that his contract would include the field testing, the on-site inspection, he would handle change orders, and CM services. His contract did not include follow-up warranty, which was an optional service, and did not include the preparation of as-built drawings. He would provide a set of redline drawings to show all changes for preparation of a final set of as-builts.

The Subcommittee made the following requests:

- Better define the contract's reference to "reasonable promptness;"
- Define the hourly cost of each of the categories and positions;
- Clarify the inspectors' roles;
- Identify the number of times the budget had been exceeded;
- HDR was asked to re-evaluate the numbers in the contract and consider something similar to what had been done with Mr. Warriner's contract.

Mr. Roberts acknowledged the Subcommittee's displeasure and the need to slow down and carefully vet everything. He stated that staff would bring back the information either to the Subcommittee or to the individual councils, and a placeholder could be placed in the State Revolving Loan Fund if there was an interest in approving 75 percent of the budget and reserving 25 percent. The Subcommittee agreed.

Anthony Gutierrez, Pinole, emphasized the need for a project plan and suggested the engineering team (HDR) should be meeting weekly with the project team (Carollo). He urged team building, emphasized the difficult project given the construction of a new plant while keeping an existing plant operational, suggested the cad documentation would be beneficial now and in the future, and would double the allocation for project meetings stating that HDR should be at every meeting. He also noted there was no mention in the contract of what would be done in emergency situations.

VIII. RECOMMENDATION ON AWARD OF THE PROJECT BIDS

(A) Receive a Verbal Update and Recommend Award of the Bid

A speaker from Mft Consulting Engineers, Pinole, a construction engineering

firm, referred to sub tasks 2.2 and 2.3, and stated that if the number of submittals and RFIs were exceeded the dollar value for each would have to be identified.

Mr. Warriner clarified that if the number was in excess, the costs would have to be identified and a change order would be required. He noted that the expenditures would be monitored on a monthly basis.

The speaker from Mft Consulting referred to 2.4 and 2.5 and suggested that the weekly construction meetings be combined with site visits; noted that the RFIs needed to be clarified as to whether it was an RFI clarification or an RFI for a condition in the field where there was a conflict, and clarified the differences of each; and that substitution requests be verified. Regarding the inspections and site visits, he noted that the California Building Code required observations that were not to be construed as special inspection site visits. He also stated that if HDR went out of business the bonding insurance company would hire another company to do all the work that HDR was supposed to do and the city would not be out money. He added that the cad should be part of the as-built drawings and should not be charged to the project.

IX. STATUS OF THE REVOLVING LOAN

(A) Approve Revised Pre-Design and Construction Project Budget

Michelle Fitzer, City Manager, Pinole, presented an updated budget document which included the latest number from HDR which was the only amendment since the budget had last been seen by the Subcommittee at its last meeting. She advised that if the contract was awarded to Kiewit Corporation, the 7 percent contingency and construction engineer design number would be inserted. Everything else had previously been approved, and prepaid costs would be reimbursed to the cities. She sought approval of the revised pre-design and construction project budget at \$26,839,627 for each city.

Action: Motion by Hercules Councilmember McCoy, seconded by Hercules Mayor Romero to recommend approval of the Revised Pre-Design and Construction Project Budget, carried by the following vote:

Ayes:	McCoy, Murray, Romero, Long
Noes:	None
Abstain:	None
Absent:	None

The discussion moved back to **Item VIII**.

Mr. Warriner explained that what he was presenting included some of the changes and answers to the questions he had received from the meeting with the

City of Hercules last week. He presented an overview of the project bids and explained that the Engineer's Estimate for the project was \$39.85 million; the lowest responsible and responsive bid was from Kiewit Corporation at \$43.143 million, and Overaa Construction had submitted a bid of \$48.558 million.

Mr. Warriner highlighted the bids and some of the current market conditions, noted that the Hercules City Council had requested more information about the lowest bid and some of the overage and underage involved, and presented some explanations for those items. He explained that there would be some value engineering involved in the ultimate process.

Mr. Warriner also highlighted current market conditions and cited eight water and wastewater projects in Northern California where there were only two bidders and only two of the jobs were below the Engineer's Estimate. He added that none of the jobs had used a PLA although the PLA was not the primary impact on bid prices or the number of bidders.

Action: Motion by Hercules Councilmember McCoy, seconded by Pinole Councilmember Murray to accept the bid from Kiewit Corporation, carried by the following vote:

Ayes:	McCoy, Murray, Romero, Long
Noes:	None
Abstain:	None
Absent:	None

(B) Receive a Verbal Update on State Loan Application

X. ADJOURN TO THE NEXT REGULAR SUBCOMMITTEE MEETING ON MARCH 3, 2016 IN HERCULES

The meeting adjourned at 11:16 A.M. to a regular meeting scheduled for Thursday, March 3, 2016 at 8:30 A.M. in the City of Hercules.