

AIRPORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 14-0253

**TERMINATION FOR CONVENIENCE OF CONTRACT NO. 8427C.A, DESIGN-BUILD SERVICES FOR THE MEL LEONG TREATMENT PLANT, INDUSTRIAL WASTEWATER TREATMENT PLANT UPGRADES PROJECT, WITH SHIMMICK CONSTRUCTION COMPANY, INC. AND AUTHORIZATION TO ISSUE A REQUEST FOR QUALIFICATIONS/PROPOSALS FOR CONTRACT NO. 8427C.66, DESIGN-BUILD SERVICES FOR THE MEL LEONG TREATMENT PLANT INDUSTRIAL WASTEWATER AND RECYCLED WATER UPGRADES PROJECT**

- WHEREAS, on September 4, 2013, by Resolution No.13-0190, the Commission awarded Contract No. 8427C.A, Design-Build Services for the Mel Leong Treatment Plant (MLTP), Industrial Wastewater Treatment Plant (IWTP) Upgrades Project to Shimmick Construction Company Inc. (SCCI) in the amount of \$5,660,000; and
- WHEREAS, SCCI has performed design work, geotechnical and soil evaluations, a pilot sampling of the recycled water membrane filtration system and has completed 70%-Construction Documents for the Project; and
- WHEREAS, the Airport Stakeholders during the programming and early design phases identified scope to correct deteriorated systems at the MLTP that was not within the original scope or budget contemplated prior to the RFQ/RFP being issued; and
- WHEREAS, estimated Design-Build costs have increased from \$28,000,000 to up to \$50,730,000, thus creating a fundamentally different project from that which was described in the RFQ/RFP; and
- WHEREAS, the Director has determined it would be in the best interest of the Airport and the City to terminate for convenience the Contract with SCCI and issue a RFQ/RFP to solicit competitive lump-sum proposals for the Project as Contract No. 8427C.66, Design-Build Services for the MLTP Industrial Wastewater and Recycled Water Upgrades Project; and
- WHEREAS, the Project involves replacing the industrial waste treatment process, the replacement of underground process piping, the reworking of the pipelines at the headwork, the replacement of the sodium hypochlorite piping in the chemical metering room, the construction of new sludge drying beds and upgrades to plant security to tie into the Airport's security infrastructure, and the remaining recycled water infrastructure necessary to transmit recycled water to the terminal complex; and

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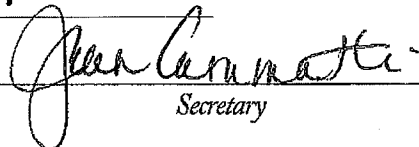
- WHEREAS, Staff will work with the City's Contract Monitoring Division to develop a Local Business Enterprise subcontracting participation goal for this Contract; now, therefore, be it
- RESOLVED, that this Commission hereby terminates Contract 8427C.A for convenience; and, be it further
- RESOLVED, that the Commission hereby authorizes the Director to issue a Request for Qualifications/Proposals for Contract No. 8427C.66, Design-Build Services for the Mel Leong Treatment Plant Industrial Wastewater and Recycled Water Upgrades Project and to negotiate with the highest-ranked proposer in successive order until negotiations are successful with one of the qualified proposers; and, be it further
- RESOLVED, that following successful negotiations, Staff will present for Commission consideration a recommendation to award Contract No. 8427.66, Design-Build Services for the Mel Leong Treatment Plant Industrial Wastewater and Recycled Water Upgrades Project.

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*I hereby certify that the foregoing resolution was adopted by the Airport Commission*

*at its meeting of* \_\_\_\_\_

**DEC 16 2014**

  
Secretary

AGENDA SHEET

4

<b>DIVISION:</b> Design & Construction	<b>MEETING DATE:</b> December 16, 2014
<b>ORIGINATOR:</b> Geoff Neumayr (Mark Costanzo)	<b>PHONE NUMBER:</b> 650-821-7713
<b>AGENDA ITEM TITLE:</b> Termination for Convenience of Contract No. 8427C.A, Design-Build Services for the Mel Leong Treatment Plant, Industrial Wastewater Treatment Plant Upgrades Project and Authorization to Issue a Request for Qualifications/Proposals for Contract No. 8427C.66, Design-Build Services for the Mel Leong Treatment Plant, Industrial Wastewater and Recycled Water Upgrades Project	

**SUMMARY OF ITEM:**

Resolution terminating for convenience Contract No. 8427C.A, Design-Build Services for the Mel Leong Treatment Plant, Industrial Wastewater Treatment Plant Upgrades Project and authorizing the Director to issue a Request for Qualifications/Proposals for Contract No. 8427C.66, Design-Build Services for the Mel Leong Treatment Plant, Industrial Wastewater and Recycled Water Upgrades Project.

14-0253  
DEC 16 2014

	ROUTING ORDER	APPROVAL INITIALS	DATE SIGNED	RE-ROUTED/ APPROVED
CHIEF OPERATING OFFICER	3	<i>[Signature]</i>	12/8/14	
ADMINISTRATION & POLICY				
BUSINESS AND FINANCE	4	<i>[Signature]</i>	12/16/14	
COMMUNICATIONS & MARKETING				
DESIGN & CONSTRUCTION	1	<i>[Signature]</i>	12/8/14	
FACILITIES				
ITT (Information Technology & Telecommunications)				
LEGAL	6	<i>[Signature]</i>	12/10/14	
OPERATIONS & SECURITY				
PLANNING & ENVIRONMENTAL AFFAIRS				
ACCOUNTING	5		12-8-14	
SMALL BUSINESS AFFAIRS	7		12-8-14	



San Francisco International Airport

**MEMORANDUM**

December 16, 2014

TO: AIRPORT COMMISSION  
Hon. Larry Mazzola, President  
Hon. Linda S. Crayton, Vice President  
Hon. Eleanor Johns  
Hon. Richard J. Guggenlime  
Hon. Peter A. Stern

FROM: Airport Director

SUBJECT: Termination for Convenience of Contract No. 8427C.A, Design-Build Services for the Mel Leong Treatment Plant, Industrial Wastewater Treatment Plant Upgrades Project and Authorization to Issue a Request for Qualifications/Proposals for Contract No. 8427C.66, Design-Build Services for the Mel Leong Treatment Plant, Industrial Wastewater and Recycled Water Upgrades Project.

DIRECTOR'S RECOMMENDATION: TERMINATE FOR CONVENIENCE CONTRACT NO. 8427C.A, DESIGN-BUILD SERVICES FOR THE MEL LEONG TREATMENT PLANT, INDUSTRIAL WASTEWATER TREATMENT PLANT UPGRADES PROJECT, WITH SHIMMICK CONSTRUCTION COMPANY, INC. AND AUTHORIZE THE DIRECTOR TO ISSUE A REQUEST FOR QUALIFICATIONS/ PROPOSALS FOR CONTRACT NO. 8427C.66, DESIGN-BUILD SERVICES FOR THE MEL LEONG TREATMENT PLANT, INDUSTRIAL WASTEWATER AND RECYCLED WATER UPGRADES PROJECT.

**Executive Summary**

Transmitted herewith for your approval is a proposed Resolution terminating for convenience Contract No. 8427C.A with Shimmick Construction Company, Inc. (SCCI), for Design-Build Services for the Mel Leong Treatment Plant (MLTP), Industrial Wastewater Treatment Plant (IWTP) Upgrades Project. The proposed Resolution also authorizes the Director to issue a Request for Qualifications/Proposals (RFQ/RFP) for Contract No. 8427C.66, Design-Build Services for the MLTP Industrial Wastewater and Recycled Water Upgrades Project.

The industrial waste (IW) process, built over 30 years ago, is now close to the end of its useful life, is beginning to show signs of failure, and is beyond repair. This project scope of work is to replace the IW process in order to ensure that no partially or untreated industrial wastewater flows into the SF Bay, causing environmental discharge violations.

**Background for Contract 8427C.A**

On September 4, 2013, by Resolution No.13-0190, the Commission awarded Contract No. 8427C.A, Design-Build Services for the MLTP IWTP Upgrades Project to SCCI in the amount of \$5,660,000. This amount was for a design fee of \$2,190,000, general conditions cost of

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

THIS PRINT COVERS CALENDAR ITEM NO. 4

EDWIN M. LEE  
MAYOR

LARRY MAZZOLA  
PRESIDENT

LINDA S. CRAYTON  
VICE PRESIDENT

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN  
AIRPORT DIRECTOR

\$2,470,000 and an owner's allowance of \$1,000,000 for initial design-build activities. These design-build activities included selective demolition, utility/site investigations and facility condition assessments. The Airport's preliminary forecast of the anticipated final contract value for the Design-Build contract was \$28,000,000 which would include all construction activities.

#### **Termination for Convenience of Contract 8427C.A**

Airport stakeholders during the programming and early design phases identified scope to correct deteriorated systems at the MLTP that was not within the original scope or budget contemplated prior to the RFQ/RFP being issued. The added scope includes replacing underground process piping, reworking the pipelines at the headwork and replacing the sodium hypochlorite piping in the chemical metering room. This added scope will correct existing deficiencies within the MLTP area beyond the IWTP. This added scope of work was not originally anticipated to be part of the MLTP IWTP Upgrade Project contract, but is now highly recommended to be included as part of the overall IWTP scope of work. Including the added scope of work under a MLTP IWTP Upgrade contract will provide for a much more cost effective approach to delivering the program.

This work will give the plant operators added redundancy and assurances to reduce the risk of a violation of the State permit. In addition, the plant layout was modified from the layout presented in the RFQ/RFP. This layout modification would have helped streamline plant operations. The current estimated contract value for the Design-Build contract is \$50,730,000.

As the current project is fundamentally different than the project contemplated in the original Contract in terms of scope, schedule, and cost, the Airport recommends terminating for convenience Contract 8427C.A with SCCI with an effective termination date of December 31, 2014. Prior to the effective date of termination, SCCI will be instructed to only complete the design work in progress.

The total costs incurred through September 2014 for the Contract is \$2,805,078. The total estimated cost of the reduced scope of work authorized to be completed under the Notice of Intent to Terminate for Convenience is \$1,000,000, resulting in an estimated total contract closeout cost of \$3,805,078. This estimated total contract cost includes 70% construction documents which will be the basis for a new competitively-procured contract. A Recycled Water Master Plan was developed through this Contract that will be the roadmap of the future Airport-wide recycled water system. In addition, the contract performed geotechnical drilling and soil sampling to inform the foundation design and performed a pilot sampling of the recycled water membrane system that was specified for this project. This information will be incorporated into the new competitively-procured contract.

It is in the Airport's best interest to terminate the Contract with SCCI to ensure compliance with the City's contract procurement laws and to further ensure that the public is well served by the Airport's procuring of qualified and competitive proposals for the expanded scope, and provide for a cost effective delivery of the MLTP IWTP Upgrade Program.

**Issue an RFQ/RFP for Design-Build Services for Contract 8427C.66**

Conditional on the Commission's authorization to terminate for convenience Contract No. 8427C.A, Staff recommends issuing a new RFQ/RFP for Contract 8427C.66, Design-Build Services for the MLTP, Industrial Wastewater and Recycled Water Upgrades Project.

Under the original contract, the storm water runoff/industrial wastewater process components were to be replaced, the dewatering facilities were to be refurbished and a security fence was to be installed around the perimeter of MLTP complex. A new recycled water treatment process was also to be constructed as part of this project to reuse the treated industrial waste flows as well as the treated sanitary sewer flows. In addition, a new laboratory was to be constructed that will be used for all MLTP testing needs.

The new project will include construction of all of the original elements. In addition, the new project will include the replacement of underground process piping, the reworking of the pipelines at the headwork, the replacement of the sodium hypochlorite piping in the chemical metering room, the construction of new sludge drying beds and upgrades to plant security to tie into the Airport's security infrastructure. Also, based on the Recycled Water Master Plan recommendations, the remaining recycled water infrastructure necessary to transmit recycled water to the terminal complex will be added to this new project.

Currently, the Airport has a permitted recycled water treatment system for limited uses only within the MLTP boundary for irrigation and wash down water with the exception of use in street sweepers and water trucks. This new Project will replace the old recycled water treatment system with a state-of-the-art plant for all uses at the Airport included cooling tower make up, dual plumbed restroom flushing and expanded irrigation uses. A goal of the Airport is to maximize water reuse in order to limit the amount of treated water discharge into the bay. Staff is currently evaluating additional uses of recycled water in order to achieve this goal. The permit to operate and use the recycled water Airport-wide will be a task of this new Project.

In accordance with Section 6.61 of the San Francisco Administrative Code (SFAC), Staff recommends the design-build approach for this Contract in order to expedite the work and achieve anticipated cost savings and time efficiencies. The design-build project delivery is an appropriate choice for this Contract, as it provides an informed collaborative design process required for the size, complexity, and schedule constraints of the project. Design-Build provides a means for the earliest practical engagement of qualified and experienced design professionals, contractors and subcontractors who share the Airport's goal to achieve exceptional well-designed and constructed projects, with reduced or eliminated field and/or implementation errors and conflicts.

Staff also recommends that for this project, the design-build team's qualifications be considered as part of the final selection process as allowed under Section 6.61 (F) of the SFAC and that the contracts not be awarded solely on a low bid basis. Because this Contract includes significant technical and stakeholder complexity, it is in the public's best interest that qualifications and prior experience be considered in the procurement process. Cost will continue to be weighted 65% in the evaluation.

The RFQ/RFP for this Contract will contain minimum qualification requirements appropriate for the anticipated size and complexity of the proposed scope. Interested design-build teams will respond to the requirements stated in the Minimum Qualifications (MQ) and provide their written Technical/Management Approach to execute the work in a Statement of Qualifications (SOQ). Upon determining which proposals meet the MQ, Staff will convene a Selection Panel to evaluate and score the technical content of the accepted proposals and establish a ranking. Staff may perform reference checks of past clients of the firms, and provide these to the Selection Panel for evaluation. The Airport will then shortlist up to five of the highest-ranked teams. The shortlisted teams will be asked to participate in a "scenario-based" oral interview by the Selection Panel and to submit a cost proposal. Please see Attachment I for the proposed MQ and recommended evaluation and selection criteria.

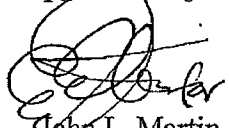
The Selection Panel will score the oral interviews. Staff will analyze the cost proposals and develop the scoring for the cost component of the evaluation. Based on the results of the oral interviews and cost evaluation, Staff will rank the teams. Staff will negotiate with the highest-ranked proposer. In the event negotiations are unsuccessful, Staff will initiate negotiations with the next highest-ranked firm under the same terms, until negotiations are successful with a ranked firm. Following successful negotiations, Staff will prepare for the Commission's consideration, a recommendation to award a contract to the successful firm.

The proposed duration of this Contract is 36 months with an estimated Design-Build cost of \$64,000,000. The Project will be funded from the Airport's 5-year Capital Improvement Program. In accordance with the SFAC, the selected design-build team will subcontract the scopes of work by trade packages through a competitive bid process, within a Guaranteed Maximum Price structure.

Staff will work with the City's Contract Monitoring Division to develop a Local Business Enterprise subcontracting participation goal for this Contract.

### **Recommendation**

I recommend that the Commission Terminate for Convenience Contract No. 8427C.A, Design-Build Services for the Mel Leong Treatment Plant, Industrial Waste Treatment Plant Upgrades Project, with Shimmick Construction Company, Inc. and authorize the Director to issue an RFQ/RFP for Contract No. 8427C.66, Design-Build Services for the Mel Leong Treatment Plant, Industrial Wastewater and Recycled Water Upgrades Project.



John L. Martin  
Airport Director

Prepared by: Geoffrey W. Neumayr  
Deputy Airport Director  
Design & Construction

Attachments

Attachment I

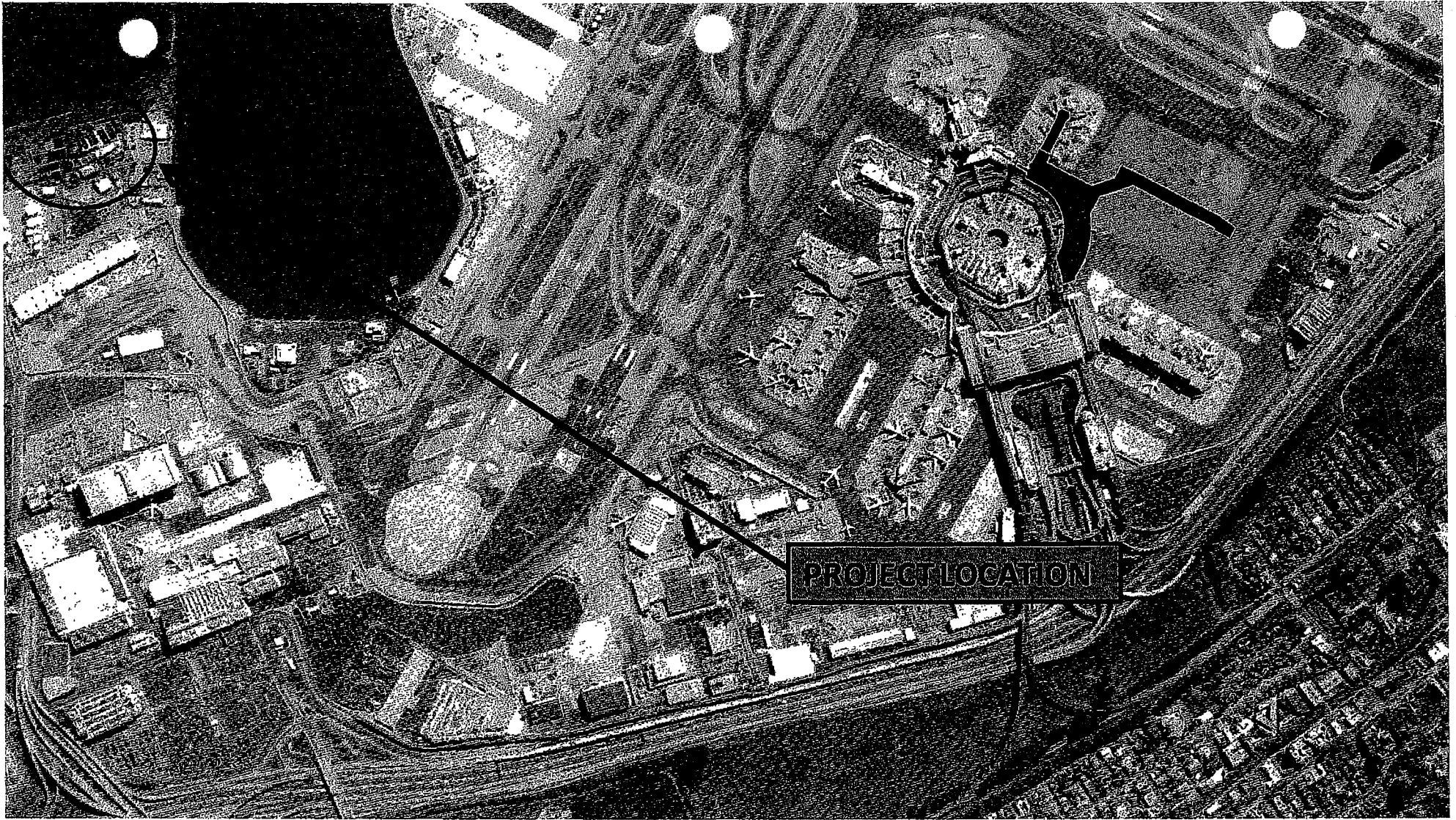
<b>PROPOSED MINIMUM QUALIFICATION REQUIREMENTS</b>	
<b>Project:</b>	8427C.66, Design-Build Services for the Mel Leong Treatment Plant, Industrial Wastewater and Recycled Water Upgrades Project
<b>Minimum Qualification Requirements</b>	<ol style="list-style-type: none"> <li>1. Prime or team/JV possesses a valid and current California Contractor's License appropriate to their scope of work. A California "A" or "B" license is required.</li> <li>2. Prime or team/JV has a commercial general liability insurance policy with a policy limit of at least one million dollars (\$1,000,000) combined single limit per occurrence.</li> <li>3. Prime or team/JV has a commercial automobile liability insurance policy with a policy limit of at least two million dollars (\$2,000,000) combined single limit per occurrence, endorsed to include Airport Operations Area (AOA).</li> <li>4. Prime or team/JV will be able to provide professional liability insurance with a policy limit of at least one million dollars (\$1,000,000) per occurrence and in the aggregate.</li> <li>5. Prime or team/JV has current workers' compensation insurance policy as required by the Labor Code or is legally self-insured pursuant to Labor Code Section 3700 et. seq. with a policy limit of one million dollars (\$1,000,000) per accident.<sup>1</sup></li> <li>6. Prime or team/JV will be able to provide builder's risk insurance on an all risk form, with coverage and limits equal to one hundred percent (100%) of the completed value of Work to date.</li> <li>7. Proposer or key personnel have completed the construction of at least one (1) water or wastewater treatment plant or similar type project of 1 Million Gallons per day of treatment or more in capacity in the last ten (10) years.</li> <li>8. Proposer or key personnel have experience using an Integrated Project Delivery method, such as CM/GC or Design-Build, completed in the last ten (10) years with a minimum construction value of Ten Million Dollars \$10,000,000.</li> <li>9. Prime or team/JV Key Personnel is comprised of at least one (1) staff member who is LEED AP BD+C or LEED Fellow.</li> <li>10. Prime or team/JV Key Personnel is comprised of at least one (1) staff member who is a Certified Safety Professional.</li> </ol>

<sup>1</sup>A "No" answer on Question 5 of the Background Section will not result in disqualification if the contractor is exempt from the requirement to maintain a workers' compensation insurance policy, because it has no employees.



Attachment I

<b>RECOMMENDED EVALUATION AND SELECTION CRITERIA</b>	
	<b>Scoring Weight</b>
Introduction & Executive Summary	10
Proposer Project Team	60
Experience and Qualifications	30
Project Approach	90
Cost Proposal	850
Oral Interview	260
<b>Total Maximum Points</b>	<b>1,300</b>



**AIRPORT CONTRACT No. 8427C  
MEL LEONG TREATMENT PLANT PROJECTS**

