



# OPERATIONS COMMITTEE

Administration Building  
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## Agenda Report

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**File #:** 2023-3093

**Agenda Date:** 7/26/2023

**Agenda Item No:** 8.

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**FROM:** Robert Thompson, General Manager  
Originator: Mike Dorman, Director of Engineering

**SUBJECT:**

**COLLECTIONS YARD RELOCATION AND WAREHOUSE DEMOLITION AT PLANT NO. 2,  
PROJECT NO. P2-127**

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION:

- A. Receive and file Bid Tabulation and Recommendation for Collections Yard Relocation and Warehouse Demolition at Plant No. 2, Project No. P2-127;
- B. Receive and file Orange County Sanitation District's Notice of Intent to Award dated June 2, 2023;
- C. Receive and file Award Protest from Fasone Construction, Inc. dated June 8, 2023 concerning award to Archico Design Build Inc.;
- D. Receive and file the Award Protest Response letter from Archico Design Build Inc. dated June 14, 2023, responding to the award protest;
- E. Receive and file Orange County Sanitation District's determination letter dated June 22, 2023 to Fasone Construction, Inc. responding to award protest;
- F. Approve a project budget increase of \$2,100,000 for Collections Yard Relocation and Warehouse Demolition at Plant No. 2, Project No. P2-127, for a new total project budget of \$8,800,000;
- G. Award a Construction Contract to Archico Design Build Inc. for Collections Yard Relocation and Warehouse Demolition at Plant No. 2, Project No. P2-127, for a total amount not to exceed \$6,500,000; and
- H. Approve a construction contingency of \$650,000 (10%).

**BACKGROUND**

The Orange County Sanitation District (OC San) collections yard and warehouse at Plant No. 2 occupies the space needed for the construction of the new Temperature-Phased Anaerobic Digestion

(TPAD) Digester Facility, Project No. P2-128. During the preliminary design phase of a project to replace the existing warehouse, it was determined that remote warehousing could be utilized in lieu of constructing a new building.

## **RELEVANT STANDARDS**

- Comply with California Public Contract Code Section 20103.8, award construction contract to lowest responsive, responsible bidder
- Commitment to safety & reducing risk in all operations

## **PROBLEM**

Demolition of the existing collections yard and warehouse is necessary to allow for the construction of the future TPAD Digester Facility. To replace the demolished facilities, a new collections yard and two remote warehouse stations must be provided to support the operations and maintenance of Plant No. 2, the collection system, and off-site pump stations.

## **PROPOSED SOLUTION**

Award a construction contract for Collections Yard Relocation and Warehouse Demolition at Plant No. 2, Project No. P2-127. This project will relocate the collections yard to a new location including the installation of a new Compressed Natural Gas (CNG) fill station, provide two warehouse stations, relocate utilities, and demolish the existing warehouse. The construction of one new remote warehouse station and conversion of a space in an existing process building for a second warehouse station was found to be more cost-effective than the construction of a new warehouse.

## **TIMING CONCERNS**

This project will provide space for the construction of the TPAD Digester Facility, Project No. P2-128. A delay to this project could result in the space not being available.

## **RAMIFICATIONS OF NOT TAKING ACTION**

Impacts to Operations and Maintenance staff and delays to the construction of the future TPAD Digester Facility, Project No. P2-128.

## **PRIOR COMMITTEE/BOARD ACTIONS**

N/A

## **ADDITIONAL INFORMATION**

OC San advertised Project No. P2-127 for bids on March 2, 2023, and five (5) sealed bids were received on April 20, 2023. A summary of the bid opening follows:

Engineer's Estimate	\$ 4,466,366
<u>Bidder</u>	<u>Amount of Bid</u>
Fasone Construction, Inc.	\$ 5,675,000
Archico Design Build Inc.	\$ 6,500,000
M.S. Construction Management Group	\$ 6,534,709
Nationwide General Construction Services	\$ 6,837,360
Kazoni, Inc	\$ 8,411,000

The bids were evaluated in accordance with OC San's policies and procedures. A notice was sent to all bidders on June 2, 2023 informing them of the intent of OC San staff to recommend award of the Construction Contract to Archico Design Build Inc.

Fasone Construction, Inc. sent a formal protest of the award to OC San on June 8, 2023. Archico Design Build Inc. issued a response to OC San in defense of their bid. OC San reviewed and responded to this protest and has determined that the protest does not merit a change to the award recommendation.

The lowest two bids were 27% and 46% higher than the Engineer's estimate. Evaluation of the difference between the Engineer's estimate and the contractor's bid determined that the difference was due to the contractors adding costs to account for their risk of future escalation.

Staff reviewed alternative options, including reductions in scope, and the associated costs and public impacts. It was determined that this project is necessary, and the project scope could not be reduced, nor could it be delayed. Delays to the warehouse demolition and collections yard relocation could impact future construction of the new TPAD Digester Facility, Project No. P2-128. The project is needed to provide the required facilities for Operations and Maintenance staff.

After further evaluation, the lowest bidder was found unresponsive, and staff recommends awarding a Construction Contract to the lowest responsive and responsible bidder, Archico Design Build Inc., for a total amount not to exceed \$6,500,000.

## **CEQA**

The Project is included in the Facilities Master Plan 2020 Program Environmental Impact Report (PEIR), State Clearinghouse Number 2019070998.

## **FINANCIAL CONSIDERATIONS**

This request complies with the authority levels of OC San's Purchasing Ordinance. This item has been budgeted (Budget Update, Fiscal Year 2023-2024, Appendix A, Page 8, Collections Yard Relocation and Warehouse Demolition at Plant No. 2, Project No. P2-127). This item will increase the project budget and will be funded from the Capital Improvement Program budget.

**ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

- Notice of Intent to Award - Archico Design Build, Dated June 2, 2023
- Award Protest Statement - Fasone Construction, Inc., Dated June 8, 2023
- Award Protest Response from Archico Design Build, Dated June 14, 2023
- Determination Letter to Fasone Construction, Inc., Dated June 22, 2023
- P2-127 Contract Agreement
- Presentation

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