




M E M O R A N D U M

TO: Mayor and Council

FROM: Rolando Fernandez, Interim Officer, Capital Contracting Office
Greg Meszaros, Director, Austin Water 

DATE: August 16, 2017

SUBJECT: Item #4, Walnut Creek Wastewater Lab and Admin Building HVAC
Phase 1 Upgrades (CLMC659) on August 17, 2017 Council Agenda

The purpose of the memo is to provide Council additional information regarding Item #4 on the August 17th Council. This agenda item was reviewed by the Water and Wastewater Commission and received a vote of 5-4-1 from the commissioners.

R.S. Ellis d.b.a. Southwest Corporation Construction Services submitted the only bid received for this solicitation. The bid was 32% higher than the engineer's original estimate. Staff's post-solicitation review of the project scope, however, revealed that the engineer's estimate omitted several items that were included in the bid and increased the cost. Staff found these items to be required for the project. With the additional items included, the bid of \$2,323,881 is approximately 19% above the engineer's revised estimate. We also believe that the complexity of construction and other special requirements on maintaining continuous laboratory operations throughout the construction accounts for additional cost not specifically included in the engineer's estimate. There are several areas in the administration building that have restricted space for the contractor to work in, including piping in already congested ceilings and air handling units in small closets. Staff's review determined the bid to be compliant with all solicitation requirements to include the MBE/WBE program by meeting good faith efforts.

This construction project requires a skilled contractor with appropriate equipment to work in space-constrained areas and properly planned executions to maintain normal laboratory operations. Only two prime bidders attended the mandatory pre-bid meeting and site visit. Feedback from the other potential bidder indicated that the risk and complexity of this project was the reason they decided not to bid. A cause for only two

interested bidders may be the current number and size of existing Austin Water facility projects, and the overall amount of construction work occurring in Austin. The following large Austin Water facility projects are currently under construction:

- South Austin Regional WWTP Tertiary Filter Improvements - \$25,148,318
- Davis Water Treatment Plant Treated Water Discharge System - \$43,526,166
- SAR WWTP Trains A & B Blower Replacement - \$22,848,005
- Davis WTP Power Distribution Upgrade - \$25,077,359

Additionally, an analysis of Austin Water facility project solicited over the past three years revealed a trend of receiving only one or two bids and that rebidding construction projects does not typically result in lower costs to the City.

Austin Water and Capital Contracting Office staff are collaborating on ways to encourage additional bidders and increase competition for future solicitations. The Capital Contracting Office staff has met with various associations and City departments to receive feedback on the City's solicitation process and determine options to increase competition in construction solicitations.

Finally, there is a sense of urgency in constructing this project. The Biochemical Oxygen Demand (BOD) room is a temperature sensitive room in the laboratory in which samples reportable to Texas Commission on Environmental Quality (TCEQ) are stored. In July of this year, the BOD room exceeded the upper acceptable temperature limit for approximately 24 hours. This resulted in unusable samples which had to be reflected on our report to TCEQ. Situations like this could ultimately lead to regulatory action.

Staff Recommendation. Given the current status of construction in Austin, number of Austin Water facility projects in process, and historical solicitation data, rebidding this project would result in additional staff time and project delays and would likely not result in a significantly different outcome. Therefore, staff recommends accepting the bid from R.S. Ellis d.b.a. Southwest Corporation Construction Services.

CC: Veronica Briseño, Director, Small & Minority Business Resource Department