



DATE: March 18, 2025

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT Adopt a Resolution Approving Addendums No. 1, No. 2, No. 3 and No. 4, and Authorizing the City Manager to 1) Award a Construction Contract to Rodan Builders, Inc., in an Amount Not-to-Exceed \$43,967,000, 2) Amend the Existing Professional Service Agreements with Carollo Engineers and Brown and Caldwell for the Water Resource Recovery Facility's (WRRF) New Administration Building and Laboratory Project, Project No. 07786 and WRRF Phase II Improvement Project No. 07760

RECOMMENDATION

That City Council adopts the attached resolution (Attachment II):

1. Approving Addendums No. 1, No. 2, No. 3, and No. 4, which were issued to make minor revisions to the plans and specifications and to answer bidder clarification questions for the Water Resource Recovery Facility's (WRRF) New Administration Building and Laboratory Project, Project No. 07786;
2. Authorizing the City Manager to Award a Construction Contract to Rodan Builders, Inc., (Rodan Builders) for the WRRF New Administration Building and Laboratory Project No. 07786, in an Amount Not-to-Exceed \$43,967,000;
3. Authorizing the City Manager to Amend the Professional Services Agreement (PSA) with Brown and Caldwell, California Corporation (Brown and Caldwell), to include engineering services during construction for the WRRF New Administration Building and Laboratory Project, as well as bid period services for the WRRF Improvements – Phase II, increasing the contract amount by \$1,422,748 to a not-to-exceed limit of \$18,095,575; and
4. Authorizing the City Manager to Amend the PSA with Carollo Engineers, Inc. (Carollo), to include construction management services for the WRRF New Administration Building and Laboratory Project increasing the contract amount by \$3,428,409 to a not to exceed limit of \$4,378,034.

SUMMARY

The WRRF treats an annual average flow of approximately eleven million gallons per day (MGD) and meets current requirements to discharge treated effluent to the deep waters of the San Francisco Bay. The existing Administration Building and Laboratory at the WRRF

was originally constructed in 1970 and has been modified twice to accommodate staff needs. With the increase in staff due to higher regulatory requirement demands, the building is obsolete and is no longer adequate to house all of the WRRF staff. In June of 2020, the Phase II Facilities Plan recommended replacement of the existing administration building and laboratory. The deficiencies of the existing building are expected to be further exacerbated by the Regional Water Quality Control Board's issuance in July 2024 of the Regional Watershed Permit, which is projected to eventually trigger further increases in staffing needs at the WRRF.

The WRRF New Administration Building and Laboratory Project includes the construction of a two-story operations and laboratory building with a solar carport parking lot in the footprint of the old administration building and parking lot. On December 3, 2024¹, City Council approved the plans and specifications for the WRRF New Administration Building and Laboratory Project, Project No. 07786, and called for construction bids to be received.

On February 11, 2025, six (6) bids were received ranging from \$39,970,000 to \$48,787,000 for the Project. The low bid was \$39,970,000, which was \$3,370,000, or 9.2% above the Engineer's Estimate of \$36,600,000. It should be noted that of the 6 bids, 5 of the bids were within \$2 million dollars, or 4.5% of each other, indicating a competitive bidding environment and that the low bid reflects a reasonable cost of the improvements.

Staff is requesting City Council approval of Addendums No. 1, No. 2, No. 3, and No. 4, which were issued to make minor revisions to the plans and specifications and to answer bidder clarification questions. Staff recommend awarding the construction contract to the lowest responsive and responsible bidder, Rodan Builders, Inc., of Hayward, CA, with the amount of \$39,970,000, and approving an Administrative Construction Contingency (change orders) Budget of \$3,997,000 for a total of \$43,967,000.

Brown and Caldwell has performed design, pre-construction, and bidding services for the WRRF New Administration Building and Laboratory Project. Staff is requesting City Council approval to amend the PSA with Brown and Caldwell (B&C) to include engineering services during construction. In addition, the WRRF Improvements – Phase II is at the 90% design stage and is expected to release bid documents in Fall 2025. Staff is requesting City Council approval to amend the PSA with B&C to include bid period services for the WRRF Improvements – Phase II, Project No. 07760. Brown and Caldwell's engineering and bid period services for the two WRRF projects would increase the contract amount by \$1,422,748 to a not-to-exceed limit of \$18,095,575.

Furthermore, Staff is requesting City Council approval to amend the PSA with Carollo to include construction management services for the Administration Building and Laboratory Project, increasing the contract amount by \$3,428,409 to a not to exceed limit of \$4,378,834.

¹ <https://hayward.legistar.com/MeetingDetail.aspx?ID=1244047&GUID=7C1BC409-740F-4A0C-851F-5B15CA066160&Search=>

BACKGROUND

New Administration and Laboratory Project

The WRRF New Administration Building and Laboratory Project includes the construction of a 21,600 square-foot two-story administration and laboratory building and a new parking lot. This new building will house management, administration, operations, maintenance, engineering, and laboratory facilities. Addendums No. 1, No. 2, No. 3, and No. 4 were issued to make minor revisions to the plans and specifications and to answer bidder clarification questions.

To comply with the California Environmental Quality Act (CEQA), an IS/MND was prepared and posted for public comment on July 26, 2024. The CEQA document was adopted by the City of Hayward Planning Director on September 30, 2024, and a notice of determination was filed with the County on October 3, 2024; The Site Plan Review was also approved by the Planning Director on September 30, 2024. The mitigations outlined in the IS/MND have been incorporated into the bid documents, and the Project will comply with the Conditions of Approval issued by the Planning Director. Staff have been coordinating with the City's Building Department and anticipate receiving a building permit prior to issuing notice to proceed.

On November 15, 2016², City Council passed a resolution authorizing a Community Workforce Agreement (CWA) with the Alameda County Building Trades Council (BTC), which applies to City projects with construction costs of \$1,000,000 or more. The agreement requires contractors to use local union hiring halls, encourages contractors to employ Hayward residents or Hayward Unified School District graduates, and requires hired workers to pay union dues and other benefit trust fund contributions, etc. The CWA agreement applies to this Project because the construction cost estimate is more than \$1,000,000.

The WRRF New Administration Building and Laboratory Project is part of a larger effort to overhaul the WRRF in response to recent regulations from the Regional Water Quality Control Board. On April 16, 2023³, City Council passed a resolution authorizing the City Manager to apply for the United States Environmental Protection Agency (EPA) Water Infrastructure Finance and Innovation Act (WIFIA) Loan for the Water Resource Recovery Facility (WRRF) Improvements – Phase II Project in the amount up to \$260 Million, and authorized payment of WIFIA loan application fee in the amount of \$100,000. The project is eligible under the WIFIA funding program, which will finance 49% of the project cost. For the remaining 51% of the project cost, staff will primarily utilize municipal bonds. The expected impacts to ratepayers were presented to City Council at a Public Hearing on February 18, 2025.

² <https://hayward.legistar.com/LegislationDetail.aspx?ID=2882111&GUID=118B2EF9-1D2C-471F-999E-4BE0929706A0&Options=&Search=>

³ <https://hayward.legistar.com/LegislationDetail.aspx?ID=6635303&GUID=E15C3971-6BB7-43C0-B855-89794911A013&Options=&Search=>

Design Engineering Services

In June of 2020, Black and Veatch completed the Phase II Facilities Plan, which recommended a number of improvements to the WRRF, including the replacement of the existing Administration Building and Laboratory. On July 5, 2022⁴, City Council Authorized an Agreement with B&C for design services for the Phase II Improvements Projects, which consists of significant upgrades throughout the WRRF, including the replacement of the Administration Building and Laboratory. On December 6, 2022⁵, City Council authorized to amend the PSA with B&C for final design services for the administration building and laboratory and subsequently authorized final design for the Phase II Improvements Project on December 5, 2023⁶, bringing the current authorized contract amount to \$16,672,828.

Construction Management Services

On March 26, 2024⁷, City Council authorized a PSA with Carollo Engineers for Phase 1 of the contract for construction management services for the WRRF Improvements – Phase II Project, which includes the Administration Building and Laboratory, in an amount of \$949,625. Phase 1 includes preconstruction construction management, and Phase 2 is for construction management services for the Administration Building. Phase 2 also includes Partnering services, which include facilitating quarterly sessions for team building to check and measure performance. Phase 3 and Phase 4 consist of the Construction Management Services for Phase II Improvements Project. Staff will return to City Council as each construction contract is awarded to award the corresponding construction management fee for each project.

Phase II Project

The main goal of the Phase II Project is to construct improvements necessary for nutrient removal in compliance with the Water Board's 3rd Nutrient Watershed Permit. Staff is reviewing B&C's submission of the 90% drawings and specifications and plans to publish bid documents in Fall 2025.

DISCUSSION

On February 11, 2025, a total of six (6) bids were received and reviewed by City Staff. After reviewing the bid documents, the lowest responsive and responsible bidder is Rodan Builders, Inc., with the amount of \$39,970,000. An additional \$3,997,000 (or 10% of the contract amount) is included for administrative construction contingency in the event additional funds are needed for unforeseen conditions and changes during construction.

⁴ <https://hayward.legistar.com/MeetingDetail.aspx?ID=984055&GUID=9012B38D-23E9-440B-BC47-106F185E4401&Options=info&Search=>

⁵ <https://hayward.legistar.com/MeetingDetail.aspx?ID=1056026&GUID=C06C0ECB-9E30-4702-8C4D-C92F59A4E428&Options=info&Search=>

⁶ <https://hayward.legistar.com/LegislationDetail.aspx?ID=6439978&GUID=188C3EC0-FA52-4EC0-BC46-564035DDE84A&Options=&Search=>

⁷ <https://hayward.legistar.com/MeetingDetail.aspx?ID=1183909&GUID=FBDD3A2F-4A84-4DC6-BD35-679484D6AAD9&Search=>

The project's final completion is anticipated to be 830 calendar days from the Notice to Proceed (NTP), which is anticipated in Fall 2027.

Engineering Services During Construction for Administration Building and Laboratory

Staff is recommending the award of Task 8.1 for Brown and Caldwell, California Corporation, which includes engineering services tasks during construction in an amount not-to-exceed \$1,034,034. Task 8.1 includes engineering services during construction for the Administration Building and Laboratory, which includes the following tasks:

- Review requests for information (RFIs), submittals, mockups, change orders, close-out documentation, record drawings, and other documentation.
- Issue any design clarification documents.
- Conduct site visits to review field conditions and construction-related issues.
- Attend pre-construction, progress meetings, and other meetings involving design conflicts requested by the City's Project Manager.

Bid Period Services During Construction for the Phase II Project

Staff is recommending the award of Task 7.3 for Brown and Caldwell, California Corporation, which includes bid period services for the Phase II Project.

Task 7.3 includes bid period services for the Phase II Project, which includes the following tasks:

- Attend the pre-bid conference and provide a presentation on the scope of work and other important bid requirements.
- Answer pre-bid questions from prospective bidders and compile addendums.
- Provide the City with a conformed set of drawings and specifications.

Tasks 8.4 and 8.5 include tasks that will support both the Administration Building and Laboratory and Phase II Project. Task 8.4 includes construction phase environmental services, such as nesting bird surveys and cultural resources training. Task 8.5 includes project aerial photos before, during and after construction as well as filming of training videos for new plant equipment.

The breakdown for project costs for Brown and Caldwell is as follows for Administration Building and Laboratory Project No. 07786 and Phase II Project No. 07760:

Total Brown and Caldwell's Professional Service Agreement Cost

Task	Project No.	Description	Cost
7.03	07760	Bid Period Services for Phase II	\$209,711
8.01	07786	Engineering Services During Construction	\$1,034,034
8.04	07760	Preconstruction and Construction Environment	\$47,188
8.05	07760	Project Aerial Photos and Videos	\$131,815
		Total	\$1,422,748

Construction Management Scope of Services for Administration Building and Laboratory
Staff is recommending the award of Phase 2 for Carollo Engineering, Inc., which includes construction management of the WRRF New Administration Building and Laboratory Project. This work can help the City to identify potential cost savings, minimize the potential for change orders and claims, and plan ahead to ensure the WRRF's existing Administration Building and Laboratory remain operational throughout construction.

Phase 2 includes construction management services for the Administration Building and Laboratory, which includes the following tasks:

Construction Support Services

- Monitor the work and compliance of the construction contractor and report to the City's Project Manager.
- Review Contractor's payment requests based on actual progress of the work and recommend action to City's project manager.
- Coordinate and conduct regular progress meetings, daily site observations, safety observations, LEED items, inspections, commissioning, and testing requirements.
- Monitor construction progress related to schedule and critical path.
- Review RFIs, submittals, mockups, change orders, inspection reports, punch list items, close-out documentation, record drawings, monthly progress payments, and other documentation related to the construction contractor.
- Assistance in coordination of all required project regulatory inspections for the completion and occupancy of the project, such as City Building Official, Fire Marshal, and others as needed.
- Assistance with the contractor for PG&E interconnection approval for the canopy-mounted photovoltaic system above the parking stalls.
- Coordinate and arrange meetings with City Staff and Contractors for a smooth transition from the existing building to the new building, including WRRF operations and laboratory constraints, IT Department coordination, City's current vendors, and more.
- Keep daily photographic records and aerial photos and videos of the construction progress.
- Provide and coordinate a spare parts transmittal list with the contractor to turn over the items to the City's Maintenance Manager.
- Review warranty certificates and tracking spreadsheet after substantial completion and inform the City of upcoming warranty expirations.

Water Infrastructure Finance and Innovation Act (WIFIA) Support

- Ensure compliance with all Davis Bacon and Related Acts (DBRA) prevailing wage requirements.
- Ensure contractor compliance with the federal funding as required in the project specifications. Prepare and package Project Close Out Reports as required for WIFIA compliance for Staff to review and submit.
- Provide Disadvantage Business Enterprise (DBE) reports.

Contract, Labor, and Community Workforce Agreement (CWA) Compliance

- Review the City's CWA provisions and monitor compliance during construction.
- CWA compliance includes but is not limited to, pre-bid meetings, submission of certified payroll, facilitating pre-job conferences, attending joint administrative committee meetings, and subcontractor monitoring.

Third-Party Special Inspection Services

- The third-party special inspector, BSK Associates, is arranged by the construction management team.
- Perform specialty inspections as required in the project documents. These inspections include, but are not limited to, structural welding, welding of reinforcing bars, inspection of bolted connects, compaction testing for structural backfill, compaction testing for asphalt and subgrade, specialty coatings inspections, etc.
- Provide inspection reports for distribution.

Partnering

- The goal of the Partnering effort is a collaborative approach to resolve any problems from all parties involved to achieve a common goal. This allows the opportunity to discuss performance problems, expectations, opportunities, and offers feedback to key project leaders.
- Quarterly sessions and scorecard check-ins with all key parties will participate in regular meetings facilitated by a third-party individual or organization not directly involved in a project. OrgMetrics is the Partnering Facilitator arranged in the construction management contract.

ECONOMIC IMPACT

The new Administration Building and Laboratory will accommodate the projected increase in staff levels due to increasing regulatory requirements at the WRRF and an increase in future wastewater flows. The new Administration Building and Laboratory will support the overall Phase II Improvements Project, which will keep the WRRF in compliance with regulations and accommodate future population growth throughout Hayward. The new building will provide adequate support for any additional laboratory testing and regulatory requirements. The community will enjoy the benefits of the Project, including maintaining effective treatment that provides environmental protection of the San Francisco Bay.

The construction cost of the overall Phase II Project, including the Administration Building and Laboratory, is estimated to be up to \$359 million. The effect of these projects on sewer rates are described in more detail in the Sewer Rate and Connection Fee Study, which was prepared by Water Resources Economics and presented to Council on February 18, 2025⁸.

⁸ <https://hayward.legistar.com/LegislationDetail.aspx?ID=7139170&GUID=F5F42295-1235-4AEB-89FD-ED864F22001B>

FISCAL IMPACT

The Adopted FY 2025 through FY 2034 Capital Improvement Program (CIP) includes the mid-range estimates for projects described in the Sewer Improvement Fund (Fund 612). Table 1 shows the project as described in the approved CIP.

Table 1. Sewer Improvement Fund (Fund 612)

Project No.	Description	Budget
07786	WRRF New Administration Building and Laboratory	\$44,979,000
07760	WRRF Phase II Improvements (combining with WRRF Primary Effluent Flow Equalization Project No. 07749)	\$279,725,000
	Total	\$324,704,000

The breakdown for project costs is as follows for Project No. 07786:

Total Administration Building and Laboratory Project Cost

Construction Contract (Contractor)	\$39,970,000
Construction Contingency (10% of Construction Contract)	\$3,997,000
Engineering Services (previously authorized)	\$3,074,994
Engineering Services During Construction (Consultant)	\$1,034,034
Construction Management and Special Inspections (Consultant)	\$3,428,409
Construction Admin – City Staff (Estimated)	\$630,000
Building IT Equipment (Estimated)	\$300,000
Building Security and Systems Programming (Estimated)	\$100,000
Payment to Building Department for Building Permit (Estimated)	\$600,000
Total	\$53,134,437

The total anticipated cost for Project No. 07786 is currently higher than the mid-range estimate in the adopted CIP. Staff will request additional funds be appropriated to cover the additional cost as part of the FY 2026 CIP budget approval process.

As part of the funding strategy, the City intends to finance the project by the U.S. Environmental Protection Agency's WIFIA loan program, a newly received grant from the Water Resources Development Act (WRDA), and publicly-sold revenue bonds. The WIFIA loan is expected to be approximately \$244 million. On February 18, 2025⁹, City Council authorized the issuance of the 2025 Wastewater Revenue Bonds up to \$135 million, which is anticipated to close in late March. In February 2025, Staff was informed that the City's application for the 2024 WRDA federal award has been approved in the amount of \$15 million from U.S. Army Corps of Engineers (USACE). Staff is currently investigating whether there are any conditions or restrictions that would make the use of the award inadvisable.

⁹ <https://hayward.legistar.com/LegislationDetail.aspx?ID=7146239&GUID=AD61FF11-52D4-46A2-905C-C06B5D86B90F>

STRATEGIC ROADMAP

This agenda item supports the Strategic Roadmap of Improve Infrastructure. The Administration Building and Laboratory and Phase II Project will address infrastructure needs and improvements to increase the reliability of the City's treatment plant and construct process improvements to meet more stringent nutrient limits in accordance with upcoming regulatory requirements, while supporting the goals of City Council.

Specifically, this item relates to the implementation of the following projects:
Confront Climate Crises & Champion Environmental Justice.

Mitigate Climate Crisis Impacts through Resilient Design and Community Engagement
Project C14b: Implement Shoreline Master Plan, including mitigating sea level rise in the industrial corridor through building requirements and outreach

Invest in Infrastructure.

Invest in Water Supplies, Sanitation Infrastructure & Storm Sewers
Project N19: Update Water Pollution Control Facility Phase II Plan

SUSTAINABILITY FEATURES

The Administration Building and Laboratory will help improve laboratory and City Staff operations. The building's design will meet State and local requirements related to sustainability (i.e., California Building Code, California Energy Code, etc.) which require a minimal level of energy efficiency, resource conservation, material recycling, etc. In addition, the building will be designed and constructed to meet Leadership in Energy and Environmental Design (LEED) standards for a Silver Certification and will be of all-electric design. The Administration Building and Laboratory will also include a 75kW solar array in the parking lot to generate renewable energy. In addition, the new building will use WRRF's recycled water system to irrigate landscaped areas around the building.

This project will help the City maintain its ability to treat wastewater efficiently and adequately before discharging it into San Francisco Bay. The Phase II Project will help maintain and improve the biology and health of the San Francisco Bay which is vital for the region and the State. The Phase II Project will also satisfy the nutrient removal requirements specified in the 3rd Watershed Permit to reduce nitrogen loads to the Bay.

The effects and risks of rising seawater levels have been reviewed and will be incorporated into the design of the new facilities.

PUBLIC CONTACT

As part of the funding process, an environmental study (Initial Study and Mitigated Negative Declaration) was posted for public review and comment.

There is currently a webpage hosted on the City's website that posts periodic updates throughout the multi-year duration of the project. This will continue.

NEXT STEPS

Following City Council approval, staff will issue a Notice to Proceed, finalize a PSA with Carollo Engineers, Inc., and finalize a PSA with Brown and Caldwell, California Corporation for the WRRF New Administration Building and Laboratory Project, Project No. 07786. Staff will return to City Council for approval of the final design plans and specifications, and to call for bids in Fall 2025 for Phase II, Project No. 07760.

The following schedule has been developed for the Administration Building and Laboratory Project:

Award of Construction Contract	March 18, 2025
Issue Notice to Proceed	April 2025
Construction Completion	Fall 2027

The following schedule has been developed for the Phase II Project:

Approval of Plans and Specifications and Call for Bids for Phase II	Fall 2025
Construction Completion	Summer 2030

Prepared by: Nancy Tran, Assistant Civil Engineer

Reviewed by: Kyle Carbert, Principal Utilities Engineer

Recommended by: Alex Ameri, Director of Public Works

Approved by:



Dr. Ana M. Alvarez, City Manager