



County of San Mateo

Inter-Departmental Correspondence

Department: GOVERNING BOARD

File #: 20-812

Board Meeting Date: 10/20/2020

Special Notice / Hearing: 4/5ths

Vote Required: Majority

To: Honorable Board of Supervisors

From: James C. Porter, Director of Public Works

Subject: Hillside and Adeline Area Sanitary Sewer Rehabilitation Project [County Project No. SB005; County Project File No. E5025]

RECOMMENDATION:

Adopt resolutions:

A) Acting as the Board of Supervisors, authorizing:

1. The President of the Board of Supervisors to execute an agreement between the Burlingame Hills Sewer Maintenance District and the County that provides a \$465,000 loan to the Burlingame Hills Sewer Maintenance District for a portion of the cost for the Hillside and Adeline Area Sanitary Sewer Rehabilitation Project.
2. Approve an Appropriation Transfer Request (ATR) in the amount of \$482,203, appropriating \$465,000 from Non-Departmental Services Loan Proceeds and \$17,023 from Departmental Reserves to Infrastructure Assets - Water and Sewer, in the Burlingame Hills Sewer Maintenance District budget for the Hillside and Adeline Area Sanitary Sewer Rehabilitation Project.

B) Acting as the Governing Board of the Burlingame Hills Sewer Maintenance District, authorizing:

1. The President of the Board of Supervisors to execute an agreement between the Burlingame Hills Sewer Maintenance District and the County that provides a \$465,000 loan to the Burlingame Hills Sewer Maintenance District for a portion of the cost for the Hillside and Adeline Area Sanitary Sewer Rehabilitation Project; and
2. Adoption of plans and specifications, including conformance with prevailing wage scale requirements, for the Hillside and Adeline Area Sanitary Sewer Rehabilitation Project in

the Burlingame Hills Sewer Maintenance District; and

3. The President of the Board of Supervisors to execute an agreement with Ranger Pipelines Incorporated, in the amount of \$1,944,645 for the Hillside and Adeline Area Sanitary Sewer Rehabilitation Project in the Burlingame Hills Sewer Maintenance District; and
4. The Director of Public Works to execute subsequent change orders to grant time extensions for project completion and payment up to a maximum aggregate amount not to exceed \$194,465, or approximately 10% of the agreement amount and File a Notice of Exemption for a California Environmental Quality Act Categorical Exemption.

BACKGROUND:

In 2011, the Burlingame Hills Sewer Maintenance District (District) completed a Capacity Assurance Plan (Plan) which provided an update to the District's 1999 Sewer Master Plan and included a list of recommended Capital Improvement Projects. The Plan, dated June 24, 2011, identified the need to rehabilitate the Hillside and Adeline Area sewer main segments as the third Capital Improvement Project to address infiltration and inflow deficiencies in the sewage collection system to reduce the occurrences of sanitary sewer overflows. The first two Capital Improvement Projects on the list (Adeline Drive and Canyon Road Capacity Improvement Project) were completed in 2017 and a State Revolving Fund was obtained by the District to finance this work.

Through the sewer service charge rate setting process for FY 2020-21 before this Board on June 2, 2020 and July 21, 2020, the Department explained that the Capital Improvement Project list for this District included projects estimated to cost over \$12,000,000. The Department also indicated that the next project (Hillside and Adeline Area Sanitary Sewer Rehabilitation Project) was in the design phase and was estimated to cost more than \$2,700,000 to construct, which would exhaust the District's reserve for capital improvements collected over the past several years.

On January 23, 2007, this Board adopted Resolution No. 068509, which "streamlined" the bid process for non-controversial sewer inspection, maintenance, and rehabilitation projects, and authorized the Director of Public Works to develop plans and specifications and to call for bids for the types of projects identified in said resolution.

DISCUSSION:

The Hillside and Adeline Area Sanitary Sewer Rehabilitation Project (Project) consists of rehabilitating approximately 6,570 linear feet of sanitary sewer pipes, replacing existing sanitary sewer manholes in poor condition, reconnecting existing sewer laterals to the new pipes, and restoring existing surfaces (pavement) affected by the work. Project construction will occur within the County road rights-of-way, the City of Burlingame (City) road rights-of-way, and existing sewer or public utility easements that are on private properties. The Department has provided and will continue to provide notices of the Project to the City and all affected property owners.

On Thursday, September 3, 2020 bids were accepted for this Project and subsequently referred to this office for checking and recommendation. The bid of:

Ranger Pipelines Incorporated
1790 Yosemite Avenue

at \$1,944,645 was the lowest bid received. The Engineer's Estimate was \$2,670,000. A summary of the bids received is attached as Exhibit "A."

The District has been saving a portion of the sewer service charges collected annually to fund the next Capital Improvement Project. Although the District has significant funds to put towards this Project, it does not have enough funds to support the total Project cost. The Department has communicated to this Board and the property owners, within the District, regarding the District's financial obligations for sewer system capital improvement projects through the sewer rate setting process and meetings with representatives from the Burlingame Hills Improvement Association. Funding Capital Improvement Projects in this District is challenging due to the system's age and the size of the District, which includes approximately 440 ratepayers.

The District is seeking a loan from the Non-Departmental Services Fund in the amount of \$465,000 to fully fund the total Project construction costs, which are estimated to be \$2,600,000. The proposed loan is for 15 years at an interest rate equal to 1.372%, which rate was derived from the net earnings rate paid on pooled reserves in the County Treasury in August 2020. Loan payments will be made semi-annually from the revenue the District receives from the sewer service charges levied on the property tax bills. The loan provides that the District can accelerate payments if other revenues or funds become available to the District.

Portions of the Project are within existing sewer or public utility easements. However, depending on the construction methods proposed by Ranger Pipelines Incorporated and work areas impacted to complete the Project in the most efficient manner, the District has the option of entering into Agreements for Right of Entry and Release (Agreements) with property owners to gain access to the easements and perform the work. The County Manager holds authority to execute Agreements materially of the form attached hereto as Exhibit "B", subject to County Counsel review and approval, and to accept or execute on behalf of the District any and all notices, amendments, consents, termination, and documents associated with the Agreements (which do not require the District to pay for the entry rights being granted). Where the Agreements are required for Project construction, the District will provide the attached form to the County Manager or his duly authorized representative for execution and approval, which will allow the District to perform the required work and ensures the ability to address unforeseen changes in configuration in a timely manner.

Department staff has determined that this Project qualifies for a Categorical Exemption pursuant to Section 15031(b) of the California Environmental Quality Act (CEQA) Guidelines for Implementation, which provides that repair or minor alteration of an existing publicly-owned utilities involving negligible or no expansion of use is exempt from review. We request authorization to file a Notice of Exemption for a CEQA Categorical Exemption for this Project.

County Counsel has reviewed and approved the resolution and agreement as to form.

FISCAL IMPACT:

The estimated construction cost is \$2,139,110 which includes authorization for up to \$194,465 in change orders as the work is bid on a unit price basis. The contingency is used to pay the contractor for any unforeseen conditions not anticipated in the construction agreement documents.

The Project is proposed to be financed predominantly by District funds that have been allocated for this work with the necessary supplemental funds from a loan from the Non-Departmental Services Fund. The District's loan payments will be funded through the sewer service charges collected from the property owners within the District and are estimated to be approximately \$35,000 per year.

Attachment: Exhibit "A" - Summary of Bids Received

Attachment: Exhibit "B" - Agreement for Right of Entry and Release