



STAFF REPORT

Meeting Type: Board of Directors
Title: Award of Contract No. 2012 Pine Mountain Tanks Phase 2 Project (D21043) and Award Professional Services Agreement for Construction Management Services
From: Alex Anaya, Director of Engineering
Through: Ben Horenstein, General Manager
Meeting Date: March 18, 2025

TYPE OF ITEM: X Action Information

RECOMMENDATION: Approve a resolution authorizing award of Contract No. 2012 Pine Mountain Tanks Phase 2 Project to Azul Works Incorporated in the amount of \$19,142,500 and authorize the General Manager to execute a professional services agreement MA-6406 with Park Engineering, Inc. for construction management services in support of the Pine Mountain Tanks Phase 2 Project in an amount of \$828,870.10, with a staff requested contingency of \$300,000, for a total not to exceed amount of \$1,128,870.10

SUMMARY: This item was reviewed by the District’s Planning Committee on February 13, 2025, and referred to the Board for award of a construction contract and execution of professional services agreement for construction management support services during construction.

The Pine Mountain Tanks Phase 2 Project will construct two (2) two-million gallon tanks on Concrete Pipe Road located on District Watershed land near the Town of Fairfax. The construction of the pre-stressed concrete tanks will take four years to complete, involving extensive submittal review, request for information (RFI), and contractor and subcontractor coordination thus requiring a substantial time commitment to coordinate and successfully complete this phase of the Project. In support of this Project, staff issued a request for proposals (RFP) from qualified construction management firms to support the construction management through completion of the Project.

DISCUSSION: The Pine Mountain Tunnel Tanks Replacement Project is a multi-year two-phased project that will replace the existing Pine Mountain Tunnel. The Pine Mountain Tunnel is an 8,700-foot long tunnel built in 1919 to convey and treat water from Alpine Lake to San Rafael and the Ross Valley, now known as the Ross Valley System, which serves 44,000 District customers or roughly 23% of the District’s service area. Due to regulatory constraints, the District abandoned the tunnel as a conveyance system in 1971, but retained the tunnel to provide storage (approximately 3 million gallons) and surge protection. The tunnel is well beyond its useful life. The District is in regular

communication with the State Water Resources Control Board regarding the District’s progress for the tunnel’s decommissioning and replacement.

As part of the Water System Master Plan, the District and its consultant, Woodard & Curran (Consultant), conducted a focused evaluation of the storage needed to replace Pine Mountain Tunnel and support the larger Ross Valley System, including a detailed review of the previous studies and assumptions to improve storage capacity and reliability in the Ross Valley System. A sizing study for the Ross Valley System determined the appropriate sizing of four million gallons for the storage needed to replace Pine Mountain Tunnel and elevations to achieve the District’s standard criteria for pressure zone sizing. Project siting alternatives were developed, with sites including locations that were previously evaluated as well as new potential storage site locations. The preferred project location for a storage facility to replace Pine Mountain Tunnel that best met the District’s needs was identified on Concrete Pipe Road near drainage culvert No. 5, also known as “CP5”.

On December, 14, 2021, the Board approved a resolution adopting the Final Initial Study/ Mitigated Negative Declaration for the Pine Mountain Tunnel Tanks Replacement Project and approved the Pine Mountain Tunnel Tanks Replacement Project. On January 4, 2022, the Board of Directors authorized the General Manager to execute an amendment to the contract with the Consultant for the final design package and bidding support services for the Project. The Consultant completed the final design of the first phase of the Project and supported staff during the advertisement and construction of the first phase. The first phase of the Project involving the earth grading and construction of a soil nail wall was completed in January 2025. The Consultant completed the final design for the second phase of the Project, and the District advertised the project on January 30, 2025. It’s important to note that the second phase of the Project will continue to have construction seasons between August 1 through January 31 to protect the Northern Spotted Owl nesting season, which spans between February 1 and July 31.

On March 4, 2025, the District received and opened two (2) bids, as shown in Table 1, for the Pine Mountain Tanks Phase 2 Project, which involves the construction of two (2) two-million gallon pre-stressed concrete water storage tanks, yard system piping, final site drainage improvements and backfill. Azul Works Incorporated submitted the lowest responsive and responsible bid in the amount of \$19,142,500.

Table 1
Bid Results
Pine Mountain Tanks Phase 2 Project

Bid Rank	Contractor Name	Bid Amount
1.	Azul Works Inc.	\$19,142,500
2.	Thompson Builders Corp.	\$21,505,195

Engineer’s Estimate: \$17,810,000

Recognizing the 4-year construction period and complexity of the Phase 2 Project construction, Staff identified that additional outside resources would be necessary to successfully manage and execute this second phase of the Project.

The scope of the proposed construction management and administration services contract solicited under the RFP includes preparing and leading construction meetings, providing document management system for all project documentation, processing and logging contractor correspondence including submittals and RFIs, reviewing proposed change orders, issuing field directives and notices of non-compliance, reviewing payment requests, preparing progress payments, and supporting public communications.

Given the compressed construction window and multiyear construction timeframe, construction will be occurring at a high level of production each season to ensure timely completion of the Project. Having an experienced construction management team supporting Project construction will help ensure that the District can successfully complete this Project on time and within the budget. On February 21, 2025, staff received one proposal from Park Engineering Inc. and conducted an interview. Park Engineering demonstrated a highly-capable team of construction management professionals with decades of experience in large-scale public infrastructure projects. The proposed construction management team has also had a successful long-term history of working with local agencies in Marin County. The proposal was responsive to the Request for Proposals, demonstrating their understanding of the many project complexities such as the multi-year construction phasing, environmental regulations, and the detailed and accurate documentation and record-keeping required for larger more complex capital construction projects.

The Park Engineering team will work collaboratively with District staff to ensure successful progression and timely completion of the project. The construction management scope of work includes but is not limited to: (1) primary construction management and coordination, (2) document management, (3) progress payment and change order tracking and negotiations, (4) claims management and negotiation, and (5) project closeout.

Staff recommends that the Board of Directors approve a resolution awarding Contract No. 2012 to Azul Works Incorporated in the amount of \$19,142,500 and authorize the General Manager to execute any necessary amendments to Contract No. 2012, which do not exceed \$1,960,000. Staff further recommends the Board authorize the General Manager to execute professional services agreement MA-6406 with Park Engineering, Inc. for construction management services in support of the Pine Mountain Tanks Phase 2 Project in an amount of \$828,870.10, with a staff requested contingency of \$300,000, for a total not to exceed amount of \$1,128,870.10.

Summaries of the estimated Phase 2 Project costs and schedule are provided below.

Budget:

Contract Award:	\$19,142,500
Contract Contingency (10%):	\$1,920,000
Construction Management (4%):	\$828,870.10
CM Contingency:	\$300,000
Construction Engineering Services:	\$450,000
Testing & Geotech:	\$100,000
District Labor/Inspection:	\$447,000
Total Budget:	\$23,188,370.10

Budget Category: A1A11

Project Implementation:

Project Advertisement: January 30, 2025
Bid Opening: March 4, 2025
Project Award: March 18, 2025
Estimated Completion Date: January 31, 2029
Duration: 730 days over four years

ENVIRONMENTAL REVIEW: On December 14, 2021, the Board of Directors adopted the Final IS/MND for the Pine Mountain Tunnel Tanks Replacement Project and approved the project conditioned upon completion of the Mitigation Monitoring and Reporting Program (MMRP) for the project. Staff will assure compliance with the MMRP.

FISCAL IMPACT: The total cost to complete Phase 2 of the Pine Mountain Tunnel Tanks Project is estimated at \$23,188,370.10, which has been identified in the Capital Improvement Program budget.

ATTACHMENT(S):

- 1. Proposed Resolution
- 2. Site Map

DEPARTMENT OR DIVISION	DIVISION MANAGER	APPROVED
Engineering	 Alex Anaya Engineering Director	 Ben Horenstein General Manager