



REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: January 27, 2009

SUBJECT: Water Meter Implementation, Project No. 07-51 (08-08) Phase 1;
Approve Meter Implementation Plan and Award Construction Contract

Report in brief

The City is currently addressing a state law (AB 2572) which requires full metering of all residential properties that connected to the City's water system after January 1, 1992. This also includes all commercial/industrial properties. The bill requires that the City charge these customers and all other existing metered accounts volumetrically (by water use) by January 1, 2010. In order to accomplish this task, West Yost Engineering Inc was hired to prepare contract documents and provide contract administrative services during construction.

The scope of work in the bid documents includes the installation of meters where necessary, inspection and cleaning of meters, replacement of meter boxes and appropriate components, modification of meter covers for the automatic meter reading (AMR) units and the installation of AMR hardware and software facilities.

On January 20, 2009, the City received highly competitive and favorable bids reflecting Teichert Construction Company as the apparent low bidder. However, Teichert's bid submission includes an irregularity which must also be formally addressed. Accordingly, staff recommends City Council approve the finalized Meter Implementation Plan; waive the bid irregularity as minor and accept Teichert's bid as responsive; authorize award of the Water Meter Implementation Phase 1 construction contract to Teichert Construction Company in the amount of \$1,324,319; and authorize a contract contingency in the amount of \$600,000 for potential necessary change orders.

Background

Assembly Bill 2572 requires the City to install water meters on all water service connections that are located in its service area by January 1, 2025. It also requires water connections that are already metered and those installed after 1991 to be billed volumetrically by January 1, 2010. All other customers are required to be billed volumetrically by January 1, 2025.

In order to get the City on track and in conformance with the mandated compliance dates for water metering, the City of Woodland completed a full (Phase I and Phase II) Meter Implementation Plan

concurrently with the design process for Phase I. This document evaluated how other communities have implemented meter installation work, the City of Woodland's current systems, and how to best move forward with meter implementation. The draft Meter Implementation Plan was previously provided to the Infrastructural Subcommittee on July 8, 2008. The City of Woodland's Meter Implementation Plan is in final form and is included under this Council action for approval.

Currently, the City does not have a metered rate for the residential customers, only the commercial customers are billed volumetrically. In view of this, HDR Engineering, Inc. was hired to conduct a rate study in order to establish a new flat rate and volumetric rate schedule for residential, commercial and industrial customers. This study will take into account the water use changes, trends, and conservation that have been documented by other municipalities due to the adoption of residential metered accounts. In order to ensure successful implementation of this project, the City Council took the following previous actions:

- July 15, 2008- City Council authorized bid advertisement for the Water Meter Implementation Project, Project No 07-51 (08-08).
- December 16, 2008- City Council adopted sole source findings for the Water Meter Implementation Project, Project No 07-51 (08-08).
- December 16, 2008- Award Equipment Purchase Contract to Golden State Flow Measurement Inc in the amount of \$1,330,862.92.

Discussion

City staff advertised and solicited bids for the project on December 17, 2008 and received and opened 9 bids on January 20, 2009. The bid results are summarized in the table below.

Table 1

Engineer's Estimate	\$2,302,617.61
Bidder's Name	Bid Amount (\$)
Teichert Construction Company	\$1,324,319.00
Argonaut Constructors	\$1,381,546.00
Sanco Pipelines	\$1,646,804.00
Flowline Contractors Inc	\$1,746,509.00
North Bay Construction	\$1,757,127.75
GM Construction & Development	\$1,796,115.00
Lister Construction	\$1,999,815.00
Florez Paving	\$2,135,841.00
Vulcan Construction	\$2,659,934.00

This Award is based on total construction price provided by contractors. The apparent low bidder is Teichert Construction Company. However, Teichert's bid failed to provide a required "List of equipment owned by the bidder available for use on the proposed work" as required in Part II, Section C of the Contract Documents. Upon close review of this circumstance, City staff conclude that; 1) the irregularity is minor and does not speak to project cost, and 2) it does not provide an

unfair advantage to Tiechert Construction Company over other bidders (in providing them an unfair opportunity to back out of their bid without losing their bid bond). Accordingly, it is staff's recommendation that Council determine Teichert to be the lowest responsible and responsive bidder and that the contract be awarded to them. Construction is anticipated to begin in March 2009 with completion in or around November 2009. The contract working time is 150 work days, which excludes weekends and holidays, and allows for no cost weather delay time extensions.

The California Environmental Quality Act determination for this project is Categorically Exempt. Accordingly, City staff filed a Notice of Exemption with the Yolo County Clerk on January 8, 2009.

As the Council is aware, this is a regulatory project that needs to be implemented and a timely award of this contract is crucial for successful transition from flat rate to metered rates by the City's residential customers. Approval of this contract now will allow enough time to resolve start up issues and send sample billings to customers before the new rates take effect.

Fiscal Impact

The engineer's previous total estimated project cost for the Phase 1 portion of the project is \$4,850,717.61, which includes the previous purchase of the sole source Sensus equipment. A comparison of the engineer's estimate with the updated total estimated installation cost, given bid results and other project fees, is indicated below:

Table 2

Items	Vendor	Services/Materials	Engineer's Estimate and other fees (\$)	Bid Amount and other fees (\$)
1	West Yost Associates	Water Meter I Phase 1 bid documents	260,500	260,500
2	Brown and Caldwell	Meter system selection	20,000	20,000
3	Bid awarded on December 16,2008	Meter and AMR equipment (AMR System set up)	1,377,600	1,330,863
4	Bids opened on January 20, 2009	Evaluation and cleaning of the commercial meters and installation of the communication network system.	2,302,617.61	1,324,319
5	Salaber Associates	Onsite inspection of contractor's work during construction	300,000	300,000
6	Construction Management and City staff time.	On-site inspection of contractor's work.	140,000	150,000
7		Contingency	450,000	600,000
		Total	4,850,717.61	3,985,682

This project is fully funded by enterprise funds. These funding budget costs are broken down as follows:

Funding Budgeted:

Table 3

Budget Item	FY 08/09	FY 09/10	FY 10/11	Total
Meter Implementation as included in the mid-year CIP budget submitted to Council under a separated cover for the 1/20/09 Council Meeting	\$4,200,000	\$700,000	\$0	\$4,900,000

The proposed estimated total cost for the Water Meter Implementation Project Phase 1 as provided to Council on January 20, 2009 is \$4,900,000. This includes \$1,377,600 for the equipment purchase and \$2,302,617.61 for the installation work. The updated estimated cost as indicated in the table 2 above is \$ 3,985,682, this includes \$1,330,863 for the equipment purchase, \$1,324,319 for the AMR installation work and \$600,000 for contingency. The contingency fund in the amount of \$600,000 is necessary to adequately cover the significant potential for unforeseeable impacts as this contract will be executed in approximately 5,000 separate residential locations.

The budget indicated above will be funded by long-term financing which will be paid off from proceeds of the water enterprise fund. A proceed of \$9 million has already been received by the City's Department of Finance from the first issue of the serial bond.

Public Contact

Continuous public contact has been a primary focus on this project and will remain so through execution. The Woodland Water News prepared by Utility Engineering Staff is being distributed on monthly basis to inform customers of upcoming project development. The April and May edition described the State law requirements (AB 2572) as well as the City's plan to comply with these requirements. Posting of the Council Agenda has also been a source of public communication.

Council Committee Recommendation

The Council Infrastructure Subcommittee has received several briefings and updates on the Water Meter Implementation Plan efforts, plans and progress.

Alternative Courses of Action

1. City Council approve the Meter Implementation Plan; waive the irregularity as minor and accept Teichert's bid as responsive; authorize award of the Water Meter Implementation Phase 1 construction contract to Teichert Construction Company in the amount of \$1,324,319; and authorize a contract contingency in the amount of \$600,000 for potential change orders.

SUBJECT: Water Meter Implementation, Project No 07-51(08-08) Phase 1;
Approve Meter Implementation Plan and Award Construction Contract.

PAGE: 5
ITEM:

2. Not approve the Meter Implementation Plan and/or not award the Construction Contract and give direction to staff for changes to be made for the Water Meter Implementation Project, Phase 1, Project No 07-51 (08-08)

Recommendation for Action

Staff recommends that the City Council approve Alternative No. 1.

Prepared by: Akin Okupe
Senior Civil Engineer

Reviewed by: Doug Baxter
Senior Civil Engineer

Reviewed by: Greg Meyer
Director of Public Works

Mark G. Deven
City Manager

Attachments: Meter Implementation Plan