



City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: September 1, 2009

SUBJECT: Water Meter Implementation, Phase 2, Project No. 09-22 (5710006-003), Award Construction Contract; Award Construction Management Contract and Authorize Contract Contingency and Project Funding

Report in Brief

The City is currently addressing a state law to accomplish full metering of all its customers and bill these customers and all existing metered accounts volumetrically. In order to accomplish these tasks, 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, repair of service lines, 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.

Staff recommends that the City Council award the construction contract to Teichert Construction in the amount of \$12,310,279; award a construction management contract to Psomas Engineering Inc. in an amount not to exceed \$2.8 million; authorize a contract contingency in the amount of \$1.2 million; and authorize the use of \$2.311 million in Water Enterprise funds, for Phase 2 Water Meter Implementation, Project 09-22.

Background

Assembly Bill 2572 requires the City to install water meters on all water service connections built before January 1, 1992 and located in its service area by January 1, 2025. This legislation also requires water customers to be billed on consumptive basis by January 1, 2025. Finally, this legislation also requires water connections that are already metered and those installed after 1991 to be billed volumetrically by January 1, 2010. The project was subdivided into two phases as indicated in table 1 below:

Table 1

Phases	Scope of work
Phase 1	Retrofitting service connection on houses built on or after January 1, 1992.
Phase 2	Retrofitting service connection on houses built before January 1, 1992.

The Phase 1 portion of the project is 80% complete; construction is expected to be completed in October 2009. The Phase 2 portion of this project was originally scheduled to begin in 2016; however, the award of a \$14.839 million ARRA grant from the California Department of Health Services provided the opportunity to expedite the project. The benefits associated with expediting Phase 2 of the meter implementation include:

- The ability to provide data to water users to assist them in water conservation efforts.
- Reduce greenhouse gas emissions by reducing electrical consumption by reduction in pumping requirements.
- Eliminates dual billing rate structures within the City.
- Reduction of development, construction and maintenance costs on water infrastructure.
- The potential savings of \$4 to \$5 per month, per customer, on future water bills by taking advantage of the ARRA funding and a low-bidding environment in the construction industry.

This grant award consists of 50% grant and 50% loan at 2.5% per annum. The loan portion of the grant is expected to be repaid within 20 years from the completion of the project.

Currently, there is no metered rate for the residential customers, only the commercial customers are billed volumetrically. Pursuant to this, HDR Engineering, Inc. was hired to conduct a rate study in order to establish a new rate for residential, commercial and industrial customers. This study would consider water use conservation as a result of the adoption of the new water rate. This rate study is currently 90% complete.

In order to ensure successful implementation of this project, City Council took the following previous actions:

- June 16, 2009- City Council authorized staff to prepare an application to be signed for the American Recovery and Reinvestment Act (ARRA) grant funding application for the Water Meter Implementation Project, Phase 2 (Project No 09-22).
- July 21, 2009- City Council authorized staff to sign funding agreement with the California Department of Health Services for the ARRA grant funding for the Water Meter Implementation Project, Phase 2.

Discussion

City staff advertised the phase 2 project and received 10 bids as summarized in the table below:

Table 2

	Bidder's Name	Bid Amount (\$)
1	Teichert Construction Inc	12,310,279.00
2	Preston Pipelines.	14,827,612.00
3	Marques Pipeline, Inc.	14,711,355.00
4	Argonaut Constructors	14,977,442.00
5	Sanco Pipelines Inc	17,297,436.00
6	West Valley Construction	16,535,740.00
7	North Bay Construction	16,384,556.50
8	Mountain Cascade, Inc	19,454,900.00
9	Broward Builders	22,658,025.60
10	ARB, Inc	22,488,670.00

The lowest responsible bidder is Teichert Construction Inc. The bid award is based on total construction price provided by contractors. Staff anticipates construction to begin in October 2009 and completion in October 2011. The contract working time is 530 work days which excludes weekends and holidays, and allowance for weather delay time extensions.

Because of the extremely short application process, a larger than normal contingency in the amount of \$1.2 million has been budgeted in order to have sufficient funds for unexpected circumstances due to the following reasons:

- Non availability of data to accurately estimate the number of service connections that need to be replaced
- Non availability of records on the condition of the meter boxes as well as their locations
- Non availability of records on the exact locations of the service connections to accurately determine the nature and extent of the repair needed for the retrofit

Due to the specialized nature of this project and accelerated phase 2 schedule, City staff also solicited for statements of qualifications from consulting engineers for the construction management services of the project. Five proposals were received and evaluated using quality base selection criteria. The proposals were ranked as indicated in the table below:

Table 3

Engineering Firm	Ranking
Psomas Engineering Inc.	1
Salaber and Associates	2
Consolidated CM	3
Harris and Associates	4
Willdan Engineering	5

Based on these findings, City staff negotiated a contract with Psomas Engineering Inc., which is the highest ranking firm in the amount not to exceed \$2.8 million for the construction management services required by the project.

The California Environmental Quality Act determination for this project is Categorical Exemption: Article 19, Section 15301(b) Existing Facilities and Section 15304(b) Minor Alterations to Land.

Fiscal Impact

The total estimated cost for the Phase 2 portion of the project is \$17.15 million. This estimate includes design engineering services, construction management services, and construction contract services. Most of the project (86.5%) would be financed by the \$14.839 million grant funding from the California Department of Health Services. As stated previously, this grant funding consists of 50% loan at 2.5% per annum and a 50% principal forgiveness grant. The loan would be repaid from the proceeds of the Water Enterprise Fund over a period of 20 years. The remaining balance of \$2.311 million (13.5%) would be funded by the Water Enterprise Fund.

The project cost breakdown is as indicated below:

Table 4

Contract	Entity	Services / Materials	Estimated Amount (\$)
1	West Yost Associates and internal staff engineering	Phase 2 bid documents and engineering services during construction	\$0.84 million
2	Teichert Construction	Water meter retrofit of 10,021 sites.	\$12.31million
3	Psomas Engineering	On-site inspection of contractor's work.	\$2.8 million
4	Contingency Fund		\$1.2 million
		Total Cost	\$17.15 million

Approximately \$15 million in Water Enterprise Funds are currently programmed in the adopted 10-year Capital Budget for this project. The \$14.839 million grant reduces the Water Enterprise Fund contribution significantly; however, expediting the project does require the remaining contribution of \$2.311 million to be reprogrammed to the year FY 2010/11. This change will be included in this year's Mid-Year Capital Budget adjustments and is consistent with the Council's previously authorized the use of the American Reinvestment and Recovery Act (ARRA) funding for the Phase 2 meter implementation project.

Public Contact

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.

The City Council agenda was posted.

Alternative Courses of Action

1. Award the construction contract to Teichert Construction in the amount of \$12,310,279; award a construction management contract to Psomas Engineering Inc. in an amount not to exceed \$2.8 million; authorize a contract contingency in the amount of \$1.2 million; and authorize the use of \$2.311 million in Water Enterprise funds, for Phase 2 Water Meter Implementation, Project 09-22.
2. Do not award the Construction Contract and Construction Management Contract and give direction to staff for changes to be made for Phase 2 Water Meter Implementation, Project No 09-22.

Recommendation for Action

Staff recommends that Council select Alternative #1.

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