



AGENDA REPORT  
SAN CLEMENTE CITY COUNCIL MEETING  
Meeting Date: December 4, 2012

Agenda Item 9A  
Approvals: [Signature]  
City Manager [Signature]  
Dept. Head DR  
Attorney \_\_\_\_\_  
Finance \_\_\_\_\_

**Department:** Public Works / Engineering  
**Prepared By:** David Rebensdorf, Assistant City Engineer DR

**Subject:** *CONSTRUCTION CONTRACT AWARDS FOR RECYCLED WATER SYSTEM EXPANSION PROJECTS CITY PROJECT NUMBERS 18201A, 18201 BEF AND 18201 CD.*

**Summary:** The City's recycled water expansion project will provide a new source of water to be used for irrigation within the City and will reduce the City's dependence on imported water by approximately 930 acre feet per year. This is significant since the City has limited local resources (two wells and existing recycled water use) and imports nearly 9,000 acre feet per year of potable water from Metropolitan Water District. The project design for the Recycled Water Expansion was completed by Carollo Engineers, AKM Consulting Engineering and City staff.

Due to the size of the project and various construction types, the project was divided into three plan sets and was sent out for public bid. The City received public construction bids from contractors on October 23, 2012. Unfortunately all three low bidders and a second low bidder made errors on their bids and have withdrawn in accordance with state contracting law. At this time staff is not recommending to rebid the projects due to the following:

- The low bidders that have pulled their bids are not allowed to rebid the project according to state law.
- The new apparent low bidder's prices are close to the amount of several of the other bids. Since the bids are close together, staff does not believe the City will receive lower bids if the projects are rebid.
- The project scope could be modified to reduce the projects costs, but this is not recommended since it would require additional design costs, reduce project capacity and will delay the project. Any significant delays to the project could impact the City's ability to receive Proposition 50 Grant Funds. This project will need to be significantly complete by January 2014 to meet our current grant deadline.

Copies of the bids are provided as Attachment A and a location map for the projects is provided as Attachment B. Project details and construction bids are as follows:

1. Water Reclamation Plant and Pump Station Project No. 18201A: This project will expand the City's existing Water Reclamation Plant (WRP) recycled water treatment capacity from 2.2 to 5 million gallons per day (MGD) to provide for the City's ultimate recycled

water demand. The work consists of installing six new sand filters, a chlorine contact chamber, sodium hypochlorite chemical treatment, a new pump station with the ability to distribute recycled water into two pressure zones and associated electrical equipment.

The apparent low bidder Canyon Springs Enterprises dba RSH Construction withdrew its bid due to bidding errors. Another project bidder, Stanek Constructors, Inc., sent a letter to the City requesting the City to deem Stanek as the successful bidder and deem other bidders as non-responsive due to not submitting the Disadvantaged Business Enterprise (DBE) "Bidders List" form. Stanek Constructors included the form in its bid, although the City's bid instruction did not require bidders to submit the form as part of the bid. City staff reviewed the matter with the State Water Resources Control Board (SWRCB) staff and informed Stanek that not including the DBE Bidders List at the time of the bid does not make the bid non-responsive.

After review of the bids, staff is recommending award of a construction contract to the lowest, responsive and responsible bidder to Gateway Pacific Contractors Inc. in the amount of \$7,579,932. The estimated project cost for construction management/inspection, construction and contingency is as follows:

Construction	\$7,579,932
Contingency (approximately 11%)	826,268
<u>Construction Management and Inspection*</u>	<u>682,200</u>
Total	\$9,088,400

\*Estimated, currently under review and negotiation.

The cumulative cost and budget details for the projects combined are shown below.

2. Cordillera Water and Recycled Water Reservoirs, Bella Collina Towne & Golf Club Meter and Pipelines Project No.18201 BEF: This project will construct approximately 10,726 linear feet of pipelines ranging from 6 to 20-inches in diameter in Calle Del Cerro, Avenida Vista Montana, Calle Aguila, Calle Amanecer and Calle Cordillera. To provide storage for the system, an existing 2 million gallon potable water reservoir will be converted to recycled water at the Calle Cordillera site. To keep the existing potable water pump station and system operating properly, a new 200,000 gallon potable water reservoir will be constructed. The City's existing customer Bella Collina Towne and Golf Club receives recycled water directly from the WRP Pump Station that is turned on and off to provide recycled water to the golf club pond. To operate the new system which will be constantly pressurized, the meter will be relocated and a valve will be installed to maintain appropriate pond levels and pressure in the system.

The apparent low bidder HPS Mechanical Inc. did not include two pages of the bid form in its bid. The City Attorney's office advised City staff that the bid could not be deemed responsive to be considered as a successful bidder by the City.

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After review of the remaining bids, staff is recommending award of a construction contract to the lowest, responsive and responsible bidder Canyon Springs Enterprises dba RSH in the amount of \$4,227,000. The estimated project cost for construction management/inspection, construction and contingency is as follows:

Construction	\$4,227,000
Contingency (approximately 14%)	576,000
<u>Construction Management and Inspection*</u>	<u>380,500</u>
Total	\$5,183,500

\*Estimated, currently under review and negotiation.

The cumulative cost and budget details for the projects combined are shown below.

3. Pipelines and Pressure Reducing Station Project No. 18201 CD: This project will construct a pressure reducing station and approximately 38,000 linear feet of pipelines ranging from 6 to 16-inches in diameter in Calle Frontera, Avenida Vaquero, Avenida Vista Hermosa, Camino Vera Cruz, The Reserve and Marblehead Inland.

The apparent low bidder E.J. Meyer Company and second low bidder HPS Mechanical Inc. withdrew their bids due to bidding errors. The third low bidder Colich & Sons bid form had an irregularity where the contractor provided unit prices, but did not multiply the unit prices by the quantities listed in the bid form. City staff multiplied the contractor unit prices by the bid form quantities and calculated a total bid price \$5,650 less than the contractor total written bid price. The contract documents specify the award will be based on the total bid price written by the contractor. Actual payments to the contractor will be based quantities installed during construction. The City Attorney's office advised staff that this be waived as a minor bid irregularity by the City Council.

After review of the remaining bids, staff is recommending award of a construction contract to the lowest, responsive and responsible bidder Colich & Sons L.P. in the amount of \$6,546,637. The estimated project cost for construction management/inspection, construction and contingency is as follows:

Construction	\$6,546,637
Contingency (approximately 14%)	891,963
<u>Construction Management and Inspection*</u>	<u>590,000</u>
Total	\$8,028,600

\*Estimated, currently under review and negotiation.

The cumulative cost and budget details for the projects combined are shown below. Construction is anticipated to begin late January to early February. The pipelines and reservoir will take approximately 12 months to complete and WRP expansion will take approximately 18 months to complete.

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**Overall Project Costs**

It has taken a number of years to design the project and to work with State, federal government and Metropolitan Water District to obtain grants and a low interest loan from the State Water Resources Control Board (SWRCB).

The total anticipated costs through construction are provided in the following table:

Planning, Design and Administration	\$ 2,809,500
Construction Management and Inspection	1,652,700
Construction	18,353,569
<u>Contingency</u>	<u>2,294,231</u>
Total Project Cost	\$ 25,110,000

**Project Budget**

Funding for the project is provided from the State Water Resources Control Board (SWRCB) State Revolving Fund (SRF) loan, State Proposition 50 grant, EPA grant and City Sewer Depreciation funds. The City's Finance Agreement with the SWRCB is for a \$12.37 million SRF loan. The State is currently reviewing the City's proposal to increase the loan amount to \$14.37 million based on the bids received and City's projected costs. SWRCB will amend the Finance Agreement after the City's award of the construction contracts and issuance of notice to proceed to the contractors to start construction. All costs incurred by the City prior to the amendment of the Finance Agreement by the SWRCB are at the City's risk, but the SWRCB will not amend the agreement until the construction contracts are awarded and signed by the City and the notice to proceed is issued to the contractors.

The current project budget is \$24.5 million and includes the \$2 million increase to the SRF loan amount. Additional funding in the amount of \$609,000 is needed to construct this project based on the \$25.11 million current cost estimate. Staff is recommending additional funding from the Sewer Connection Fee Reserve in the amount of \$609,000. There will be no additional impact to future non-potable water rates by utilizing this funding source. Utilization of this funding source will not negatively impact future projects associated with the City's 5 year Capital Improvement Program.

The proposed \$25.11 million project budget is funded from the following sources:

State Proposition 50 grant	\$ 5,682,000
Environmental Protection Agency (EPA) grant	477,000
City's Sewer Fund Connection Fee Fund	3,152,000
Sewer Depreciation Reserve	820,000
SWRCB SRF Loan	12,370,000
Additional SWRCB SRF Loan	2,000,000
Supplemental Appropriation from Sewer	609,000
<u>Connection Fee Fund</u>	
Project Budget	\$ 25,110,000

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The loan has a term of 20 years starting one year after completion of the project by the City at an annual interest of 2.2%. The interest will accrue on amounts withdrawn during construction. The loan has a performance requirement to the City stipulated as an annual goal to achieve the targeted 930 acre-feet of recycled water use within the first five years of the completion of the project construction. The City is obligated to pay back the loan from the Water Fund revenues. In addition, the City is required to set aside a debt service reserve equal to the annual payment amount of the loan during the term of the loan. According to the City's 5 year Capital Improvement Program and known projects, there are adequate funds in the depreciation reserves to fund the reserve obligation of approximately \$900,000. The reserve requirement means the funds can not be used during the term of the loan and will be unavailable for projects. Projected end of FY 2013 fund balances in the Sewer and Water Depreciation Reserves are \$4.43 million and \$4.93 million, respectively.

In addition to the construction contracts, staff is currently negotiating contracts with engineering firms for professional services for the project's construction period services. These include construction inspection and administration, geotechnical and materials testing services, environmental compliance inspections and design support services. The contracts will be presented to the City Council for approval in December or January.

***Recommended  
Action:***

STAFF RECOMMENDS THAT the City Council:

1. Approve Plans and Specifications for the Recycled Water System Expansion, Water Reclamation Plant and Pump Station, Project No. 18201A, Cordillera Water and Recycled Water Reservoirs and Bella Collina Towne & Golf Club Meter, Project No. 18201B, Pipeline Schedule III, Project No. 18201E, and Pipeline Schedule IV, Project 18201F, Pipeline Schedule I, Project No. 18201C and Pipeline Schedule II & Pressure Reducing Station, Project No. 18201D;
2. Approve a supplemental appropriation in the amount of \$609,000 from the Sewer Fund Connection Fee Reserve to Account No. 054-477-45300-000-18201;
3. Find the HPS Mechanical Inc. bid proposal to be non-responsive due to missing bid form pages for the Recycled Water System Expansion, Cordillera Water and Recycled Water Reservoirs and Bella Collina Towne & Golf Club Meter, Project No. 18201B, Pipeline Schedule III, Project No. 18201E, and Pipeline Schedule IV, Project 18201F;
4. Waive minor irregularities in the Colich and Sons L.P. bid for the Recycled Water System Expansion, Pipeline Schedule I, Project No. 18201C, and Pipeline Schedule II & Pressure Reducing Station, Project No. 18201D;
5. Waive minor bid irregularity claimed by Stanek Construction for the Recycled Water System Expansion, Water Reclamation Plant and Pump Station, Project No. 18201A;
6. Approve and Authorize the Mayor to execute a contract agreement with Gateway Pacific Contractors Inc. in the amount of \$7,579,932 for construction of the Recycled

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Water System Expansion, Water Reclamation Plant and Pump Station, Project No. 18201A;

7. Approve and Authorize the Mayor to execute a contract agreement with Canyon Springs Enterprises dba RSH Construction in the amount of \$4,227,000 for construction of the Recycled Water System Expansion, Cordillera Water and Recycled Water Reservoirs and Bella Collina Towne & Golf Club Meter Project No. 18201B, Pipeline Schedule III, Project No. 18201E; pipeline schedule IV, project No. 18201 F; and
8. Approve and Authorize the Mayor to execute a contract agreement with Colich & Sons L.P. in the amount of \$6,546,637 for construction of the Recycled Water System Expansion, Pipeline Schedule I, Project No. 18201C, and Pipeline Schedule II & Pressure Reducing Station, Project No. 18201D.

**Fiscal Impact:** Yes. The SWRCB SRF loan Finance Agreement is to be amended from \$12.37 to \$14.37 million after the State provides an Approval of Award. A supplemental appropriation in the amount of \$609,000 is needed from the Sewer Fund Connection Fee Reserve reducing the fund balance from \$5,583,571 to \$4,974,571.

**Attachments:** Attachments A & B as Described on Page 1.

**Notification:** None.

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**BIDDER'S LISTING**

**BID OPEN TIME:** 2:00 p.m.

**BID OPEN DATE:** October 23, 2012

**PRESENT:**

**Subject:**

Recycled Water System Expansion  
Project No. 18201A

No. of Bids: 8

Company Information	Bid Bond, Etc.	Addendum No. 1-4	Amount
Stanek Constructors, Inc 2434 Auto Park Way, Ste. 102 Escondido, CA 92029	✓	✓	8,094,000
Spiess Construction Co P.O. Box 2849\ Santa Maria, CA 93457	✓	✓	7,865,500
RC Foster Corporation P.O. Box 77055 Corona, Ca 92877	✓	✓	7,986,000
Pacific Hydrotech Corp 314 E. 3 <sup>rd</sup> St Perris, CA 92570	✓	✓	7,940,300
Archer Western Contractors 4747 Viewridge Ave. St 210 San Diego, CA 92133	✓	✓	8,155,263
HPS Mechanical Inc.	✓	✓	8,802,823
? GATEWAY PACIFIC	✓	✓	7,579,932
CSE/RSH Construction	✓	✓	6,667,177

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**Attachment A**

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**BIDDER'S LISTING**

**BID OPEN TIME:** 2:00 p.m.

**BID OPEN DATE:** October 23, 2012

**PRESENT:** 

**Subject:** Recycled Water System Expansion  
Project No. 18201 B - E - F

No. of Bids: 5

Company Information	Bid Bond, Etc.	Addendum No. 1-4	Amount
Lonerock, Inc. 26 Vista Firenze Laguna Hills, Ca: 92653	✓	✓	4,799,605
Vido Artukovich & Son, Inc. 11155 Rush St. So. El Monte, Ca. 91733	✓	✓	4,496,710
Spiess Construction, Inc. P.O. Box 2849 Santa Maria, CA. 93457	✓	✓	4,564,105
HPS Mechanical, Inc. 3100 E. Belle Terrace Bakersfield, Ca. 93307	✓	✓	3,945,745
Southern California Regional 3883 Wentworth Dr. Hemet, CA. 92545	✓	✓	4,227,000
Correction: Canyon Springs Enterprises dba RSH Construction			



**BIDDER'S LISTING**

**BID OPEN TIME:** 2:00 p.m.

**BID OPEN DATE:** October 23, 2012

**PRESENT:** \_\_\_\_\_

**Subject:**

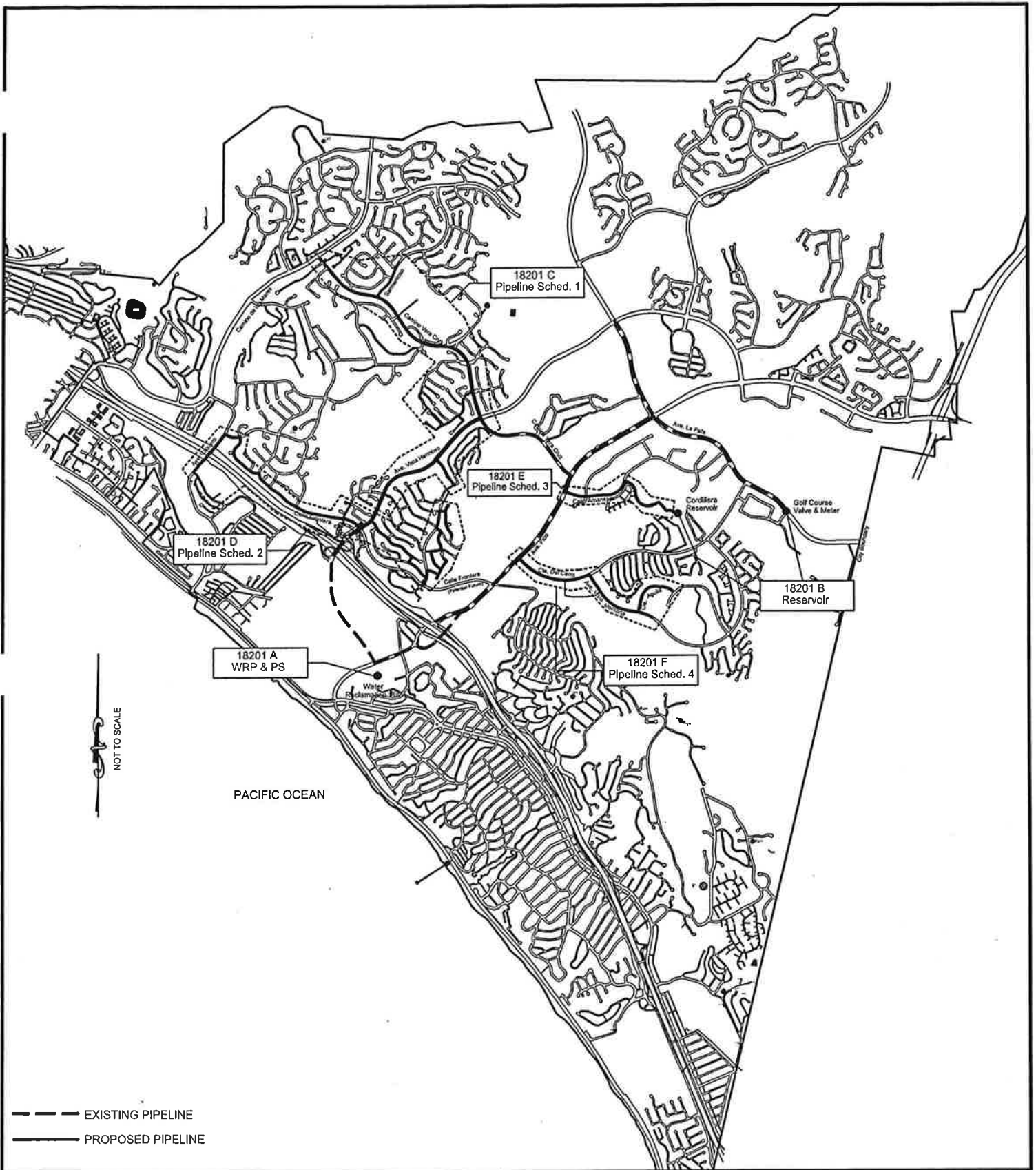
Recycled Water System Expansion  
Project No. 18201C / D

No. of Bids: 11

Company Information	Bid Bond, Etc.	Addendum No. 1-3	Amount
Trautwein Const Inc. P.O. Box 349 Rancho Cucamonga, CA 91739	✓	✓	8,571,367
Mladen Buntich 1500 W. 9th St Upland, CA 91786	✓	✓	7,097,506
Vido Artukovi ch and Son 11155 Rush Street So. El Monte, CA 91733	✓	✓	6,575,552
Lonerock, Inc 26 Vista Firenze Laguna Hills, CA 92653	✓	✓	8,958,375
CCL Contracting Inc 1938 Don lee Place Escondido, CA 92029	✓	✓	6,805,520
E.J. Meyer Company P.O. Box 277 Highland, CA 92346	✓	✓	4,888,888
Christensen Brothers P.O. Box 1286 Apple Valley, CA92307	✓	✓	7,266,224 <sup>31</sup>
GFRCO, Inc P.O. Box 7689 Moreno Valley, CA 92552	✓	✓	7,191,327
Mike Bubalo Construction 5102 Gaythurst Ave. Baldwin Park, Ca 91706	✓	✓	8,596,527

HPS Mechanical, Inc 3100 E. Belle Terrace Bakersfield, CA 93307	✓	✓	5,696,564
Colich & Sons L.P. 547 W. 140th St Gardena, CA 90248	✓	✓	6,546,637

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--- EXISTING PIPELINE  
 — PROPOSED PIPELINE



*City of San Clemente*

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 Tel (949) 361-6100  
 Fax (949) 361-8316

**LOCATION MAP**  
**RECYCLED WATER SYSTEM**  
**EXPANSION PROJECTS**

Attachment B *9A-11*