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Title: Actions pertaining to the Recycled Water Transmission Main, Southwest Quadrant, Project SW1C (Bid File 3439) (Council District 3 and Fresno County)
1. ***RESOLUTION - 36th amendment to the Annual Appropriation Resolution (AAR) No. 2015-104 appropriating \$4,303,100 for the Southwest Recycled Water Distribution System (Requires affirmative 5 votes)
2. Award a construction contract in the amount of \$4,198,175 to Garney Construction of Livermore, California

Sponsors: Department of Public Utilities

Indexes:

Code sections:

Attachments: 1. 36th AAR No. 2015-104 SW Recycled Water Distribution Sys. SAM.pdf, 2. 3439BidEval.pdf, 3. Vicinity Map, 4. Sample contract for SW1C.pdf

Date	Ver.	Action By	Action	Result
4/21/2016	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

April 21, 2016

FROM: THOMAS C. ESQUEDA, Director
Department of Public Utilities

THROUGH: KEVIN L. NORGAARD, PE, Supervising Professional Engineer
Department of Public Utilities - Wastewater Management Division

BY: PATRICIA DIEP, Supervising Engineering Technician
Department of Public Utilities - Wastewater Management Division

SUBJECT

Actions pertaining to the Recycled Water Transmission Main, Southwest Quadrant, Project SW1C (Bid File 3439) (Council District 3 and Fresno County)

1. ***RESOLUTION - 36th amendment to the Annual Appropriation Resolution (AAR) No. 2015-104 appropriating \$4,303,100 for the Southwest Recycled Water Distribution System **(Requires affirmative 5 votes)**
2. Award a construction contract in the amount of \$4,198,175 to Garney Construction of

Livermore, California

RECOMMENDATIONS

Staff recommends the Council appropriate the project funding and approve the construction contract award to Garney Construction for the Recycled Water Transmission Main (RWTM), Southwest Quadrant, Project SW1C (Project).

EXECUTIVE SUMMARY

The Department of Public Utilities, Wastewater Management Division (Department) requests the adoption of the 36th Amendment to the Annual Appropriations Resolution No. 2015-104 and award a \$4,198,175.00 construction contract to Garney Construction of Livermore, California, as the lowest responsive and responsible bidder. Starting at the terminus of SW1B, the Project is the continuation of the RWTM. The primary purpose of this construction Project is to construct the third 1.5 mile portion of the recycled water distribution pipeline to bring tertiary treated water from the RWRF through downtown.

BACKGROUND

In 2009, the State of California adopted a recycled water policy establishing a mandate to increase the use of recycled water in California by 200,000 acre-feet per year by 2020 and by an additional 300,000 acre-feet per year by 2030. The Recycled Water Master Plan prepared by the Department identifies opportunities to assist with compliance of this law by reducing groundwater pumping and replacing groundwater with recycled water for non-potable purposes (i.e. outdoor irrigation, dust control, fountains, etc.). The Division's long-term goal is to produce and deliver 25,000 acre-feet of recycled water to the City's service area to reduce groundwater over drafting. On April 11, 2013, the Council adopted the Recycled Water Master Plan and associated environmental documents.

On June 27, 2013, the Council approved a design contract for the Recycled Water Distribution System (RWDS), Southwest Quadrant (SWQ) starting at the RWRF. The SWQ pipeline will be just over 21 miles in length. When completed the Southwest Quadrant RWDS will connect the Tertiary Treatment plant located at Jensen and Cornelia Avenues through Roeding Park and Downtown area (ending at M Street and Los Angeles Street): the pipeline will also continue north on Cornelia Avenue to Shields Avenue. This system will ultimately serve several cemeteries, City parks (including Roeding), water recharge basins, schools, industrial uses, and other urban users.

The award of this Project is the third of five phases of the SWQ and is approximately 1.5 miles in length. Phase three will continue from phase two and convey recycled water in Belmont east of Marks Avenue into Roeding Park. The fourth and fifth phases are in the design stages. The total costs for the SWQ recycled water system are anticipated to be \$52,475,049.00. This Project was anticipated originally to be constructed in FY17 but is being awarded in FY16 as a condition of keeping the 1% interest rate for the State Revolving Fund (SRF) loan for the RWDS, SWQ.

The first three phases of the SWQ will be able to deliver water to Roeding Park by October 2016. The October 2016 date is the anticipated date the new 5 Million Gallons per Day Tertiary Treatment Facility will be fully permitted to produce full Title 22 nonrestricted recycled water. Construction for the remaining SW1C, SW1D and pump station will be completed in 2017.

Plans and specifications were prepared for the Project. A Notice of Inviting Bids was published on January 27, 2016, posted on the City's website and faxed to nine building exchanges. The specifications were distributed to 21 prospective bidders. Four sealed bid proposals were received and publicly opened on March 1, 2016. Bid proposal prices range from \$4,198,175.00 to \$5,100,886.50.

Staff has determined that Garney Construction of Livermore, California is the lowest responsible and responsive bidder with a submitted bid of \$4,198,175.00. Their bid price is 10.5% below the Engineer's Estimate of \$4,690,000.00. The staff determination was posted on the City website on March 14, 2016.

On December 11, 2014, the Council authorized the submission of an application for Clean Water SRF for the financing of the construction of the SWQ. The loan has been approved by the state on August 3, 2015 and is anticipated that the Project low interest loan (1%) will be no more than \$52,475,049. The loan covers the design, construction and construction management for the installation of the 21 miles of recycled water transmission main.

ENVIRONMENTAL FINDINGS

A Mitigated Negative Declaration (MND) was adopted by the Council on December 18, 2014, for this Project. An analysis has been performed pursuant to CEQA Guidelines §15162 to determine whether subsequent environmental review is required for the Project. Based on this analysis the following findings are made to support the determination that no subsequent environmental review is required:

1. No substantial changes are proposed in the Project which will require major revisions of the previous MND due to the involvement of new significant environmental effects, or a substantial increase in the severity of previously identified significant effects.
2. No substantial changes occur with respect to the circumstances under which the Project is undertaken which will require major revisions of the previous MND due to the involvement of new significant environmental effects, or a substantial increase in the severity of previously identified significant effects.
3. There is no new information which was not known or could not have been known at the time of the previous MND that the Project will have significant effects not discussed in the MND.

Furthermore, since a MND was previously adopted for this Project, the considerations set forth in CEQA Guidelines §15162(a)(3)(C) and (D), related to the adequacy and feasibility of previously adopted mitigation measures, are not applicable. Based upon these findings, it has been determined that no further environmental documentation is required for this Project.

LOCAL PREFERENCE

Local preference did not affect the construction contract bid evaluation because the lowest local business bid exceeded the maximum allowable percentage.

FISCAL IMPACT

This Project has no impact to the General Fund and is located in Council District 3 and Fresno

County. The Clean Water State Revolving Fund (SRF) loan will be repaid from pledged Sewer Enterprise revenues. Once all the loan proceeds are drawn down, the annual debt payment will not exceed \$2,047,602.03 per year for thirty years.

The SRF loan provides a means to reallocate funds to other projects included in the current capital improvement plan. The net effect of this loan will be to reduce future bonding requirements. By utilizing this SRF loan versus a bond interest rate of 5.25% the realized savings in the 30 year loan will be \$50,502,000.00.

Attachments:

36th AAR No. 2015-104

Bid Evaluation Fiscal Impact Statement

Vicinity Map

Sample Contract