



## Legislation Details (With Text)

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**Title:** Award a construction contract in the amount of \$158,766,000 to WM Lyles Company for the City of Fresno's 80-Million Gallon Per Day Southeast Water Treatment Facility, Bid File No. 3369 (Citywide)  
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## REPORT TO THE CITY COUNCIL

**November 19, 2015**

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

**THROUGH:** MICHAEL CARBAJAL, Division Manager  
Department of Public Utilities - Water Division

**BY:** GLENN A. KNAPP, PE, Professional Engineer  
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## SUBJECT

Award a construction contract in the amount of \$158,766,000 to WM Lyles Company for the City of Fresno's 80-Million Gallon Per Day Southeast Water Treatment Facility, Bid File No. 3369 (Citywide)

## RECOMMENDATION

Staff recommends that City Council award a construction contract in the amount of \$158,766,000 to WM Lyles Company for the City of Fresno's 80-Million Gallon Per Day Southeast Surface Water Treatment Facility (SESWTF), and authorize the Director of Public Utilities, or designee, to sign the contract on behalf of the City of Fresno.

## EXECUTIVE SUMMARY

On February 26, 2015, the City Council adopted a five-year water utility rate plan to finance the construction of a five-year water capital plan totaling approximately \$429 million. The five-year capital plan included the construction of the SESWTF to allow the City of Fresno (City) to more effectively use its existing surface water allocations and entitlements from Millerton Lake and Pine Flat Reservoir.

In accordance with the Construction Management Act, on April 20, 2015, the City initiated a contractor pre-qualification process for the SESWTF (Bid No. 3369). Pre-qualification proposals were submitted to the Finance Department on Friday, June 5, 2015.

On August 5, 2015, construction plans and specifications were advertised in the Business Journal for the construction of the SESWTF, and on August 18, 2015, the City conducted a Mandatory Pre-Bid Conference for pre-qualified contractors. On October 13, 2015, the City received four (4) bids from pre-qualified contractors in response to the City's solicitation for construction bids for the SESWTF. Based on the City's evaluation of the construction bids submitted, WM Lyles Company has been determined to be the lowest responsive and responsible pre-qualified bidder for construction of the City's 80-million gallon per day (80MGD) SESWTF in the amount of \$158,766,000. Council approval of this contract to WM Lyles Company is necessary for construction of the SESWTF in working toward meeting the City's long-term conjunctive water use goals to reduce the degree of groundwater overdraft in the City's service area. This contract award will be funded through a State Revolving Fund (SRF) Low-Interest Loan from the State Water Resources Control Board (SWRCB), accepted by the City Council for the SESWTF construction project.

## **BACKGROUND**

On February 26, 2015, the City Council adopted a five-year water utility rate plan to finance the construction of a five-year water capital plan totaling approximately \$429 million. The five-year capital plan included the construction of a 54-MGD surface water treatment facility to allow the City to more effectively use its existing surface water allocations and entitlements from Millerton Lake and Pine Flat Reservoir. Consistent with Council-approved rate plan and capital plan, the initial facility will be constructed with a permitted capacity of 54 MGD, and the City will petition the State to allow the facility to be re-rated to 80 MGD through a one-year performance demonstration testing procedure.

On September 10, 2015, the City Council approved acceptance of a \$195,489,000 SRF Low-Interest Loan through the SWRCB for construction of the SESWTF. The SRF low-interest loan will fully finance the construction of the SESWTF, which will result in cost savings of approximately \$115 million over a 30-year loan term versus conventional bonded debt with private institutions.

With the approval of the construction contract to WM Lyles Company, the SESWTF is scheduled to be placed into service December 2018.

## **Contractor Pre-Qualification Process**

In accordance with the Construction Management Act, and the desire to maintain high standards for contractors selected for City capital projects to prevent problems during construction and problems after construction is complete, the City conducted a contractor pre-qualification selection process for the SESWTF. On April 20, 2015, a Request for Pre-Qualifications for General Contractor Services was published in the Business Journal and posted on the City's website. Prequalification submittals

were opened and evaluated on June 5, 2015, by a review panel utilizing the criteria outlined in the pre-qualification package.

In response to the City's solicitation for pre-qualification proposals for the SESWTF, the City received ten (10) proposals, and nine (9) construction firms were deemed qualified to submit construction bids for the project.

### **Construction Bidding Process**

On August 5, 2015, construction plans and specifications (construction documents) were advertised in the Business Journal for the construction of the SESWTF. On August 18, 2015, a mandatory project Pre-Bid Meeting was held at the City's Municipal Service Center Department of Public Utilities/Water Division Program Management and Engineering Office. Five (5) of the nine (9) pre-qualified firms attended the Pre-Bid Meeting, and only those five firms remained qualified to submit construction bids for the SESWTF.

Four (4) sealed-bid proposals were received and publicly opened on October 13, 2015. WM Lyles Company submitted a bid price in the amount of \$158,766,000 and has been determined to be the lowest responsive and responsible bidder. The Staff Determination of Award was posted on the City's website on October 22, 2015. The price is 0.8% below the Engineer's Estimate of \$160,000,000. The remaining three (3) bids ranged in price from \$165,772,000 to \$180,180,000.

### **Recommendation**

Staff recommends that City Council award a construction contract in the amount of \$158,766,000 to WM Lyles Company for the City of Fresno's 80-Million Gallon Per Day Southeast Surface Water Treatment Facility (SESWTF), and authorize the Director of Public Utilities, or designee, to sign the contract on behalf of the City of Fresno.

### **ENVIRONMENTAL FINDINGS**

An Environmental Impact Report (EIR) was adopted by the Council on June 12, 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 EIR 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 EIR 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 EIR that the Project will have significant effects not discussed in the EIR.

Furthermore, since a EIR 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 was not implemented because the lowest responsive and responsible bidder is a local business.

## **FISCAL IMPACT**

There is no impact to the General Fund. The award of this construction contract will be funded by the State Revolving Fund Low Interest Loan through the State Water Resources Control Board as part of the construction of the SESWTF. Appropriations are included in Water Division's FY2016 Capital Improvement Program adopted budget within the State Low Interest Loan SESWTF Fund (401888). The loan repayments for the low interest loan were included in the water rate model used to create the five-year utility rate plan that was adopted by the City Council on February 26, 2015.

Attachment:

Bid Evaluation Information