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Title: Actions Pertaining to the Kings River Pipeline Project (Bid File 3433), (District 5, Fresno County):
1. *** RESOLUTION - 40th amendment to the Annual Appropriation Resolution (AAR) No. 2015-104 to appropriate \$48,246,900 in the State Revolving Fund Kings River Pipeline Loan Fund for the award of the construction contract and to fund related project support costs for the raw water pipeline from the Kings River to the Southeast Surface Water Treatment Facility (Requires 5 affirmative votes)
2. Award a construction contract in the amount of \$45,583,750 to Garney Pacific Inc. for the City of Fresno Kings River Pipeline Project - Bid File 3433

Sponsors: Department of Public Utilities

Indexes:

Code sections:

Attachments: 1. 16 40th Kings River Pipeline SAM.pdf, 2. Garney Bid Evaluation Information.pdf, 3. Garney Sample Contract.pdf

Date	Ver.	Action By	Action	Result
5/12/2016	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

April 28, 2016

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

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

BY: MARTIN WENDELS, Project Manager
Department of Public Utilities

SUBJECT

Actions Pertaining to the Kings River Pipeline Project (Bid File 3433), (District 5, Fresno County):
1. *** RESOLUTION - 40th amendment to the Annual Appropriation Resolution (AAR) No. 2015-104 to appropriate \$48,246,900 in the State Revolving Fund Kings River Pipeline Loan Fund for the award of the construction contract and to fund related project support costs for the raw water pipeline from the Kings River to the Southeast Surface Water Treatment Facility (Requires 5 affirmative votes)

2. Award a construction contract in the amount of \$45,583,750 to Garney Pacific Inc. for the City of Fresno Kings River Pipeline Project - Bid File 3433

RECOMMENDATIONS

Staff recommends the City Council appropriate the project funding; approve the construction contract award to Garney Pacific Inc. for the City of Fresno Kings River Pipeline Project and authorized the Director of Public Utilities, or designee, to sign the contract on behalf of the City.

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 Kings River Pipeline (Project) to allow the City of Fresno (City) to more effectively use its existing Kings River water allocations by delivering water directly to the Southeast Surface Water Treatment Facility (Facility). Design of the project is complete, the bidding process has been finalized and Garney Pacific Inc. has been determined to be the lowest responsive and responsible pre-qualified bidder for construction of the KRP project in the amount of \$45,583,750. An additional \$2,663,100 is requested for project support costs. This contract award will be funded through a State Revolving Fund (SRF) Low-Interest Loan from the State Water Resources Control Board (Board), as authorized to be accepted by the City Council on January 7, 2016, for the Kings River Pipeline 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 the Project. The Project is a 13-mile 72-inch diameter pipeline that will convey raw water for treatment from a diversion on the Fresno Canal No. 3 to the Facility. The diversion facility will be located near the intersection of Trimmer Springs Road and the Fresno Irrigation District Fresno Canal No. 3 about 3,800 feet downstream of the Fresno Canal No.3 headgates on the Kings River. The Facility is located at the northwest corner of the intersection of Armstrong Avenue and Olive Avenue.

Originally, the five-year plan anticipated that this project would be awarded in FY 2017 and funded through the issuance of bonds. However, on January 7, 2016, the City Council authorized the Director of Public Utilities to sign and execute the funding agreement for an SRF low interest loan through the Board. In addition, the timing of the contract construction award has been moved up to FY 2016, so a resolution to amend the AAR is required.

Contractor Pre-Qualification Process

In accordance with the Construction Management Act, the Department of Public Utilities solicited statements of qualifications for pre-qualification for general contractor services. Announcements requesting Pre-Qualification for General Contractor Services for the construction of the Project were published on October 27, 2015, in the Fresno Business Journal and posted to the City's PlanetBids Online site. The City received twelve (12) pre-qualification submittals. Pre-qualification submittals were opened on November 19, 2015. The submittals were evaluated by the Water Division's selection committee utilizing the criteria outlined in the pre-qualification package. A total of ten (10)

general contractors met the pre-qualification requirements.

Construction Bidding Process

On December 15, 2015, a mandatory project pre-bid meeting was held at the Department of Public Utilities - Water Division, Program Management and Engineering Office, located at the City's Municipal Services Center. All ten (10) pre-qualified firms attended the mandatory pre-bid meeting. On January 27, 2016, completed project plans and specifications were advertised in the Business Journal.

Eight (8) sealed bid proposals were received and publicly opened on March 16, 2016. Garney Pacific, Inc. submitted a bid price in the amount of \$45,583,750 and is considered to be the lowest responsive and responsible bidder. The Staff Determination of Award was posted on the City's website on April 6, 2016. The price is 23% below the Engineer's Estimate of \$59,322,950. The remaining seven (7) bids ranged in price from \$45,791,600 to \$58,521,150.

The second lowest bidder, W. A. Rasic Construction Inc. (Rasic) has filed an appeal of staff's determination that Garney Pacific Inc. is the lowest responsive and responsible bidder. A hearing was held for Rasic to present its appeal to the hearing officer. Staff will read the hearing officer's determination during the presentation to Council. The Council is not bound by the hearing officer's determination.

Support Costs

An additional \$2,663,100 is requested for project support costs such as project management, overhead, interdepartmental services, real estate, permits and inventory. This brings the total cost of the project request to \$48,246,900.

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 CEQA Guidelines §15162 to determine whether subsequent environmental review is required for the project. Based upon 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 Mitigated Negative Declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. In this case there are no changes to the project.
2. No substantial changes occur with respect to the circumstances under which the project is undertaken which will require major revisions of the previous Mitigated Negative Declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. In this case, the proposed pipeline alignment has not changed.
3. There is no new information, which was not known and could not have been known at the time of the previous Mitigated Negative Declaration that the project will have significant effect not discussed in the Mitigated Negative Declaration.

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 local bidder exceeded the maximum allowable bid preference pursuant to FMC Sec 4-108.

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 Board as part of the construction of the Project. This Project was included in the FY 2016 Capital Improvement Program five-year plan, but was originally scheduled to be bond funded and contract construction was planned to be awarded in FY 2017. The adoption of the attached AAR amendment resolution will create the State Revolving Fund Kings River Pipeline Loan Fund (40161) and appropriate the funds in FY 2016 for the award of the construction contract. 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.

Attachments:

40th AAR No. 2015-104
Bid Evaluation Information
Sample Contract