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Title: Actions pertaining to drilling and development of five new water production wells at Pump Stations 051A, 060A, 156, 210A, and 241-2 under Bid File 3539 (Citywide):

1. Adopt a Categorical Exemption for PS 241-2 pursuant to California Environmental Quality Act Guidelines Section 15301(b).
2. Award a construction contract to Zim Industries, Inc., for \$2,941,754 to drill five new water production wells at Pump Stations 051A, 060A, 156, 210A, and 241-2.
3. Authorize the Director of Public Utilities, or designee, to sign all documents on behalf of the City of Fresno.

Sponsors: Department of Public Utilities

Indexes:

Code sections:

Attachments: 1. Water Well Drilling Bid Eval.pdf, 2. Sample Contract.pdf

| Date | Ver. | Action By | Action | Result |
|-----------|------|--------------|----------|--------|
| 5/25/2017 | 1 | City Council | approved | Pass |

REPORT TO THE CITY COUNCIL

May 25, 2017

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

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

BY: ANITA LUERA, Senior Engineering Technician
Department of Public Utilities - Water Division

SUBJECT

Actions pertaining to drilling and development of five new water production wells at Pump Stations 051A, 060A, 156, 210A, and 241-2 under Bid File 3539 (Citywide):

1. Adopt a Categorical Exemption for PS 241-2 pursuant to California Environmental Quality Act Guidelines Section 15301(b).
2. Award a construction contract to Zim Industries, Inc., for \$2,941,754 to drill five new water production wells at Pump Stations 051A, 060A, 156, 210A, and 241-2.
3. Authorize the Director of Public Utilities, or designee, to sign all documents on behalf of the

City of Fresno.

RECOMMENDATIONS

Staff recommends that City Council adopt a Categorical Exemption for Pump Station (PS) 241-2 pursuant to California Environmental Quality Act Guidelines Section 15301(b); award a construction contract for \$2,941,754 to Zim Industries, Inc., to drill five new water production wells at PS 051A, 060A, 156, 210A, and 241-2; and authorize the Director of Public Utilities, or designee, to sign all documents on behalf of the City of Fresno.

EXECUTIVE SUMMARY

The Department of Public Utilities, Water Division, solicited contractor services to perform the drilling and development of five new water production wells at PS 051A, 060A, 156, 210A, and 241-2. Zim Industries, Inc., was found to be the lowest responsive and responsible bidder with a bid in the amount of \$2,941,754. The proposed replacement wells are essential in ensuring appropriate levels of service are maintained in the surrounding areas.

BACKGROUND

The Water Division maintains a network of more than 260 municipal water supply wells that provides approximately 88% of the City's potable water. The construction of new wells for this network is required to meet increased demands, replace wells that have reached the end of their useful life, or to assist in remediating water quality issues. The proposed wells at PS 051A, 060A, 210A, and 241-2 are necessary to offset water production losses resulting from both recent and future destruction of multiple outdated wells in the area. PS 156 is located within a City of Fresno Urban Growth Management Area. The proposed well at this location will serve to supply increased demands following recent development in this area.

The properties for PS 51A, 60A, 156, and 210A were previously purchased by the Water Division, while the new well, 241-2, will be drilled at existing PS 241. Following completion of the proposed water production wells, site improvements will be required to tie these new wells to the water supply network and bring the pump station to an operational state. These site improvements will comply with the requirements of the associated Conditional Use Permits and will be completed under separate contracts.

Contractor services for drilling and development of the proposed new wells were solicited through the bidding process. A notice inviting bids was published in the Business Journal and posted on the City of Fresno website on March 15, 2017. Project plans and specifications were distributed to 25 prospective bidders and 10 Building Exchanges. Seven sealed bid proposal were received and unsealed in a public opening on April 4, 2017.

Zim Industries, Inc., submitted a bid price in the amount of \$2,941,754 and is the lowest responsive and responsible bidder. The Staff Determination of Award was posted on the City of Fresno website on May 8, 2017. The price submitted is 1.4% above the Engineer's Estimate of \$2,900,000.

ENVIRONMENTAL FINDINGS

Staff has conducted an initial study for each project location and has prepared Environmental Assessments in accordance with the requirements of the California Environmental Quality Act

(CEQA) Guidelines.

PS 51

A Mitigated Negative Declarations (MNDs) was adopted by the Council on July 27, 2015 for PS 51. 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.

PS 60A

A Mitigated Negative Declaration (MND) was adopted by the Council on July 8, 2011, and an amended MND was filed on October 21, 2016, for PS 60A. 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.

PS 156

A Mitigated Negative Declarations (MNDs) was adopted by the Council on March 15, 2016, for PS 156. 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.

PS 210A

A Mitigated Negative Declarations (MNDs) was adopted by the Council on July 27, 2015 for PS 210A. 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.

PS 241-2

Staff has determined that the PS 241-2 project falls within the Class 1 Categorical Exemption set forth in CEQA Guidelines, Section 15301(b), as this project is for the replacement of the existing well

at PS 241 located at 2529 North Barton Avenue and will not result in the expansion of capacity of the existing well. Furthermore, none of the exceptions to the Categorical Exemptions set forth in the CEQA Guidelines, Section 15300.2 apply to this project.

LOCAL PREFERENCE

Local Preference did not apply, as the lowest bid received was from a local business.

FISCAL IMPACT

The projects, which are located citywide, will not impact the General Fund. Funds for the construction of PS 051A, 060A, 210A, and 241-2 are included in Water Division's Fiscal Year 2017 Capital Improvement Program budget within the Water Enterprise Fund (40101). Funds for the construction of PS 156 are included in the Water Division's Fiscal Year 2017 Capital Improvement Program budget within the Urban Growth Management Water Supply Fund (40122). The construction of replacement water wells was included in the water rate model used to create the five-year utility rate plan and subsequently adopted by City Council on February 26, 2015. No additional funding is required for this project.

Attachments:

Evaluation of Bid Proposals and Fiscal Impact Statement
Sample Contract