



REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Consent
September 22, 2009

Honorable Mayor and
Members of the City Council

Contract: American Recovery And Reinvestment Act (ARRA) Water Meter Retrofit Project Phase 8 (Z14010000) and Approval to Add Phase 11 to the Project

Location/Council District: Phase 8: Residential and commercial properties in the City of Sacramento (see location map - Attachment 1)/Council District 6; Phase 11: Residential and commercial properties in the City of Sacramento (see location map – Attachment 2)/Council District 2.

Recommendation: Adopt 1) a **Resolution** awarding the contract for Phase 8 of the ARRA Water Meter Retrofit Project to Marques Pipeline, Inc. for an amount not to exceed \$1,255,558; and 2) adopt a **Resolution** approving the plans and specifications for Phase 11 of the Project, and authorizing the City Manager to negotiate and execute an amendment to the City's Funding Agreement with the California Department of Public Health (CDPH) to add Phase 11 to the Project.

Contact: David L. Brent, Engineering Services Manager, 808-420; Dan Sherry, Supervising Engineer 808-1419

Presenters: N/A

Department: Utilities

Division: Engineering Services

Organization No: 14001311

Description/Analysis

Issue: On August 6, 2009, the City Council approved Resolution 2009-516 authorizing the execution of a \$ 20 Million grant/loan funding agreement for the Water Meter Retrofit Project (Phases 1-9) with the California Department of Public Health (CDPH). The Project will retrofit approximately 11,000 to 13,000

residential and commercial properties within the City of Sacramento. This Phase 8 contract will retrofit approximately 946 services with meters. Bids for the Phase 8 contract were opened on September 2, 2009, and Marques Pipeline, Inc. was the lowest responsible bidder.

On September 15, 2009, the City Council approved adding another phase, Phase 10, to the Project, if funding remains available for this phase after Phases 1-9 are funded. This report requests approval of the plans and specifications for another additional phase, Phase 11, of the ARRA Water Meter Retrofit Project, which plans and specifications are on file in the office of the City Clerk, and also requests authorization for City staff to negotiate and sign an amendment to the CDPH Funding Agreement to allow this additional phase to be funded if Phases 1-10 do not utilize all of the available ARRA funding. The Phase 11 work consists of retrofitting up to 3600 services with meters at residential and commercial properties within the project boundaries as depicted in Attachment 2.

The ARRA Water Meter Retrofit Project (the "Project") will assist in meeting the requirements of Assembly Bill 2572 by installing water meters on existing water services within the City of Sacramento. This law set a deadline of 100% metering of all residential and commercial services by 2025.

Policy Considerations: This action is in conformance with City Code Chapter 3.60 Articles I and III, which provide that the City Council may award competitively bid contracts to the lowest responsible bidder.

Environmental Considerations:

California Environmental Quality Act (CEQA): Notices of Exemption have been filed for the Project Phases 1-10. The Development Services Department, Environmental Planning Services Division, has reviewed the proposed addition of Phase 11 to the Project and has determined that this Project Phase is categorically exempt from CEQA (the California Environmental Quality Act) under Class 1, Section number 15301(b) and (c) and Class 3, Section number 15303(d) of the CEQA Guidelines. Projects exempt under Class 1, Section number 15301(b) and (c) consist of minor alteration or repair of existing utility facilities and sidewalks. Projects exempt under Class 3, Section number 15303(d) consist of installation and location of new, small utility facilities. A Notice of Exemption for Phase 11 will be filed if the City Council adopts the attached Resolution approving the Phase 11 plans and specifications and authorizing a Funding Agreement amendment to add Phase 11 to the Project.

Sustainability Considerations: The Project is consistent with the Sustainability Master Plan goal to help to improve water conservation awareness, by providing a monthly statement of water usage to the customers. The Water Meter Retrofit Project furthers the City's progress in implementing the Water Forum Agreement

and the California Urban Water Conservation Council Best Management Practices (BMPs 1, 4, and 7).

Rationale for Recommendation: Award of this contract will continue the City's implementation of the meter retrofit plan developed by the Department of Utilities based on the implementation guidelines approved by Council. This contract (Phase 8) will install 946 meters on unmetered residential and commercial water services within the project area. Utilization of ARRA funding for this purpose is expected to create approximately 400 to 900 jobs over the course of the Project (Phases 1 through 9). Adding Phase 11 to the Project will allow additional meter retrofits to be funded by ARRA funds if Phases 1-10 do not utilize all of the available ARRA funding.

Financial Considerations: The total estimated Phase 8 project cost including design, construction, City supplied materials, inspection and contingency is \$ 1,270,000. There is sufficient Water ARRA funding to award and complete the contract.

The ARRA funding agreement with CDPH, authorized by City Council on August 6, 2009 (Resolution 2009-516) provides funds for the Water Meter Retrofit Project (Z14010000) in the amount of \$20 million, of which \$10 million is a Safe Drinking Water State Revolving Fund (SDWSRF) loan and \$10 million will be provided as additional subsidization in the form of principal forgiveness (the grant portion). Water user rate revenues in the Water Enterprise Fund have been dedicated as the funding source for the debt service, with a 20 year repayment period at a 2.5017 percent interest rate. Rate revenues will also be used for any non-grant/loan covered expenses incurred as part of the Project. The addition of Phase 11 to the Project is proposed to allow additional meters to be installed if ARRA funding is still available after paying for Phases 1-10.

Disadvantage Business Enterprise/Minority Business Enterprise/Women Business Enterprise (DBE/MBE/WBE): The bid submitted by Marques Pipeline, Inc. complied with the DBE/MBE/WBE requirements set forth in the bid specifications pursuant to applicable provisions of the ARRA/SDWSRF Funding Agreement. Under the City Code, these DBE/MBE/WBE requirements apply in lieu of the City's ESBE provisions.

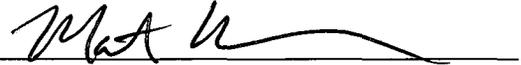
September 22, 2009

Respectfully Submitted by



David L. Brent
Engineering Services Manager

Approved by:



Marty Hanneman
Director of Utilities

Recommendation Approved:

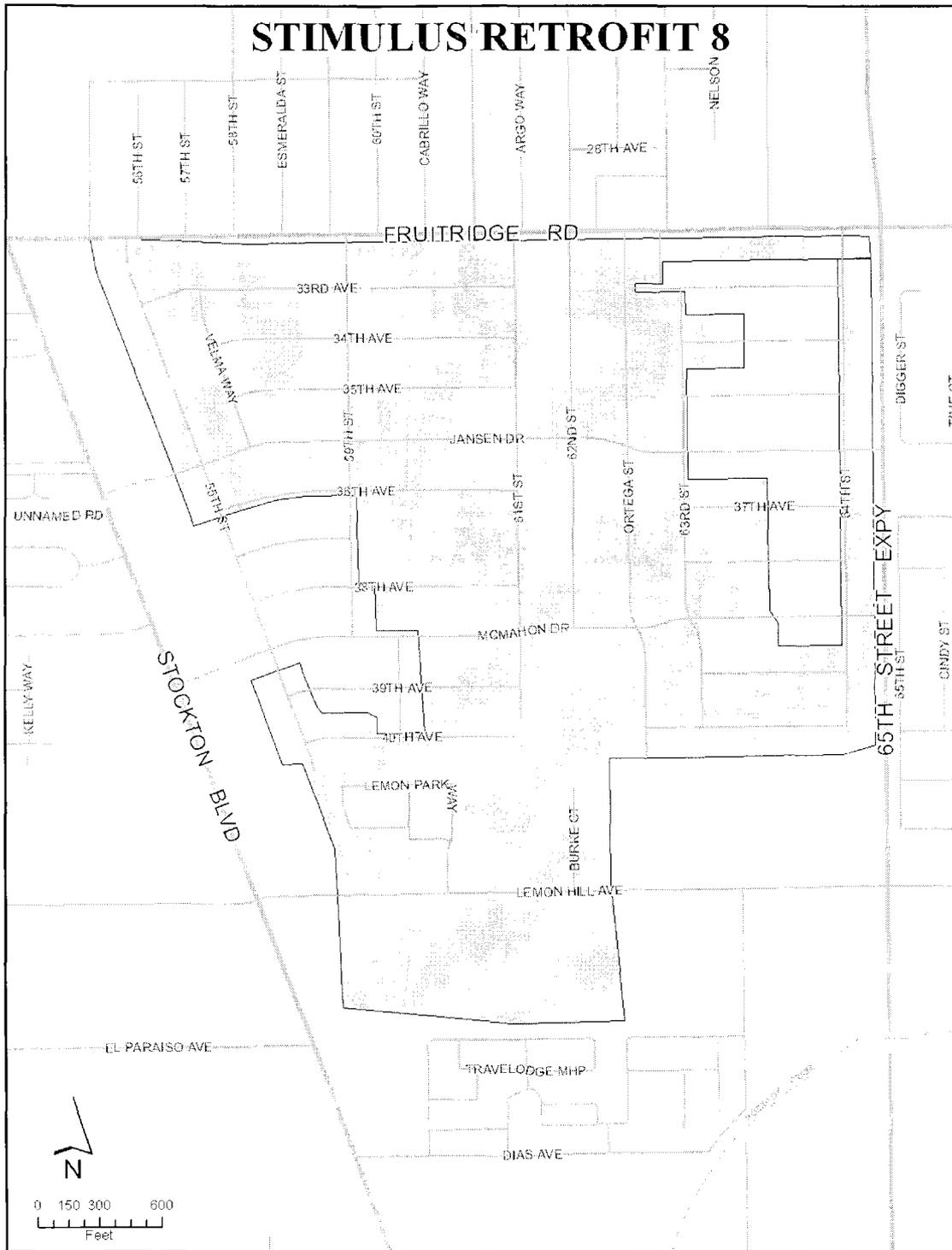


Ray Kerridge
City Manager

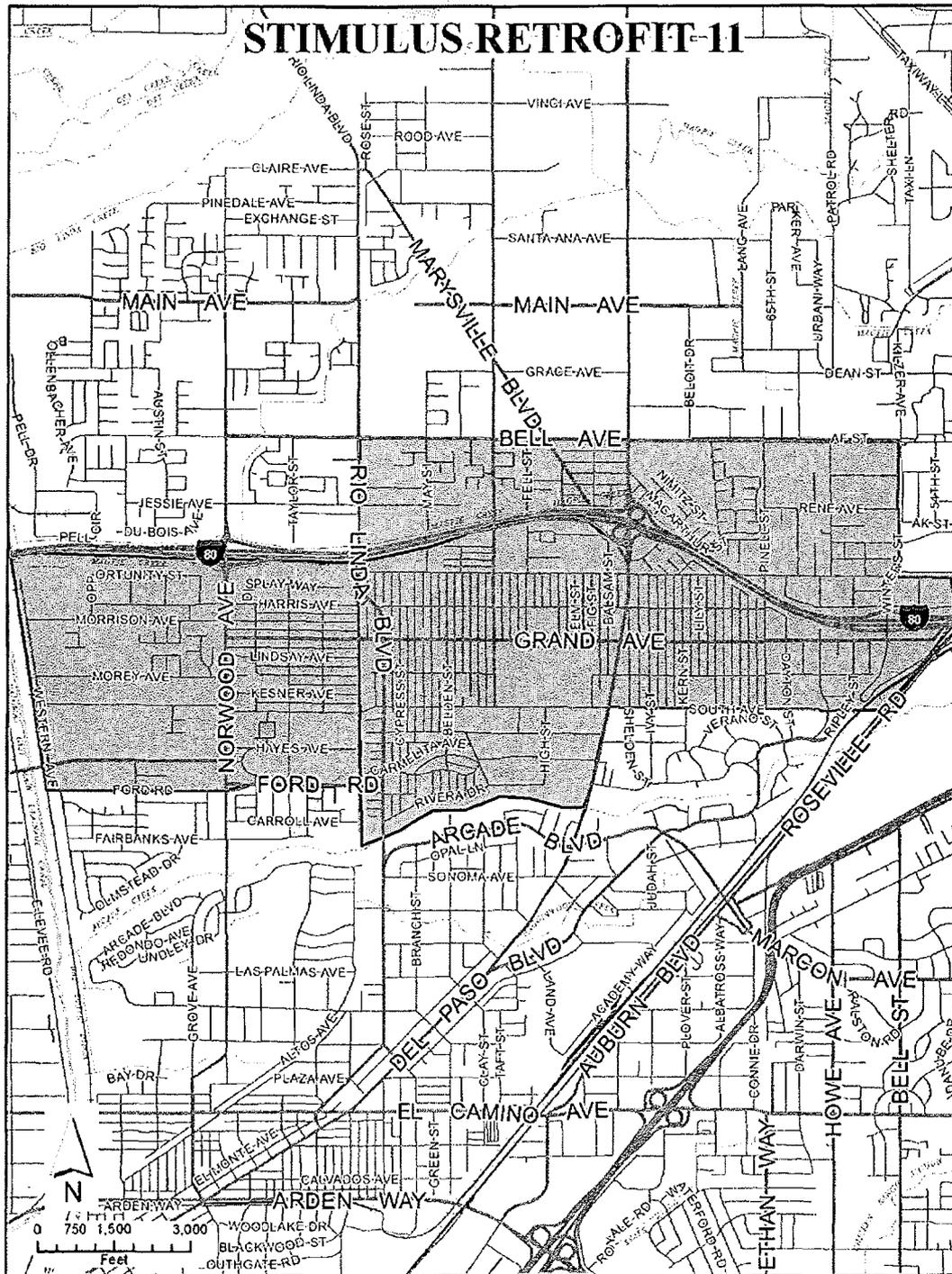
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Attachment 1



Attachment 2



Attachment 3

BACKGROUND

On February 17, 2009, the American Recovery and Reinvestment Act of 2009 (ARRA) became federal law. Within California, the ARRA will provide approximately \$160 million to the Safe Drinking Water State Revolving Fund (SDWSRF) for infrastructure development for California's drinking water systems. The SDWSRF Program is administered through the California Department of Public Health (CDPH).

In February 2009, the CDPH held an open pre-application period for the ARRA funding. Over 2,200 pre-applications were received; including five projects submitted by Utilities, with the funds requested exceeding \$6.8 billion. CDPH prioritized projects in accordance with existing SDWSRF procedures, based on health risk, median household income, population, and water system type. From the prioritized list of projects, CDPH identified the projects that were the most ready to proceed to assure compliance with ARRA requirements and to create jobs immediately.

In late May 2009, CDPH finalized and approved their fundable project list including the highest ranking projects. Among the five projects submitted by Utilities, the Water Meter Retrofit Project made CDPH's approved fundable projects list with proposed ARRA funding of \$20 million. This consists of \$10 million in grant (in the form of principal forgiveness), and \$10 million in loan payable over 20 years at a 2.5017% interest rate.

On May 26, 2009, the City Council authorized the City Manager to apply to the State of California Department of Public Health for ARRA funding for the Water Meter Retrofit Project. As part of the application process, the City Council approved the project's plans and specifications on June 23, 2009, further confirming the City's approval of and intention to proceed with the project.

In July 2009, City staff submitted the final application to the California Department of Public Health for ARRA loan/grant funding.

On August 6, 2009 City Council authorized the City Manager to negotiate and execute a Funding Agreement with the CDPH for the ARRA funded Water Meter Retrofit Project, Phases 1-9.

The Water Meter Retrofit Project submitted for ARRA funding consists of one project divided into nine phases. The project will install new water meters and AMR transmitters on 11,000 - 13,000 existing residential and commercial water services. This project will help the City comply with the requirement of Assembly Bill 2572, which requires the City to install water meters on all existing water service connections within the City of Sacramento. This law set a deadline of 100% metering of all residential and commercial accounts by 2025. On September 15, 2009, the City Council approved adding another phase, Phase 10, to the Project, if funding remains available for this phase after Phases 1-9 are funded.

This contract (Phase 8) will install 946 meters on unmetered residential and commercial services within the project area (see Attachment 1).

All retrofit projects are coordinated with public outreach to customers and stake holders.

This project was advertised on August 10, 2009 and eight (8) bids were received and opened by the City Clerk on September 2, 2009. The bids are summarized below:

| Contractor | Bid Amount | MBE/WBE/DBE% |
|--------------------------------------|-------------------|---------------------|
| Marques Pipeline, Inc. | \$1,255,558 | 4.8 |
| Advantage Demo. & Engr. | \$ 1,288,248 | 0 |
| Flowline Contractors, Inc. | \$ 1,366,931 | 11 |
| Florez Paving | \$ 1,397,190 | 22.8 |
| WR Forde Associates | \$ 1,430,340 | 8.7 |
| Navajo Pipelines, Inc. | \$ 1,502,805 | 0 |
| North Star Construction & Eng., Inc. | \$ 1,579,600 | 0 |
| West Valley Construction Co., Inc. | \$ 1,633,780 | 6 |

The engineer's estimate was \$ 1,790,000

Staff recommends the contract be awarded to Marques Pipeline, Inc., the lowest responsible bidder for an amount not to exceed \$1,255,558.

Staff also recommends adopting the attached Resolution approving the plans and specifications for Phase 11 of the ARRA Water Meter Retrofit Project, and authorizing an amendment to the City's Funding Agreement with the California Department of Public Health to add Phase 11 to the ARRA Water Meter Retrofit Project. Adding Phase 11 will allow the City to utilize the ARRA funding to install additional water meters if sufficient ARRA funding remains after awarding contracts for Phases 1-10, which may occur if the low bids for Phases 9 and 10 come in below the engineer's cost estimates.

Attachment 4

RESOLUTION NO.

Adopted by the Sacramento City Council

**AWARD CONTRACT FOR THE SAFE DRINKING WATER STATE REVOLVING FUND
AMERICAN RECOVERY AND REINVESTMENT ACT WATER METER RETROFIT
PROJECT PHASE 8 (Z14010000)**

BACKGROUND

- A. On August 6, 2009, the City Council approved Resolution 2009-516 authorizing the execution of a \$ 20 Million grant/loan funding agreement for the Water Meter Retrofit (WMR) Project (Phases 1-9), utilizing American Recovery and Reinvestment Act (ARRA) funding provided through the Safe Drinking Water State Revolving Fund (SDWSRF) Program administered by the California Department of Public Health.
- B. The WMR Project will retrofit water services with meters at a total of 11,000 - 13,000 residential and commercial properties, and Phase 8 of the Project will install 946 meters on unmetered services.
- C. The plans and specifications for Phase 8 of the Project were approved by the City Council on June 23, 2009.
- D. Bids for Phase 8 of the Project were opened on September 2, 2009, and Marques Pipeline, Inc. was the lowest responsible bidder.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1. The contract for the SDWSRF ARRA Water Meter Retrofit Project Phase 8 is awarded to Marques Pipeline, Inc., for an amount not to exceed \$1,255,558.

Attachment 5

RESOLUTION NO.

Adopted by the Sacramento City Council

**APPROVE PLANS AND SPECIFICATIONS FOR PHASE 11 OF THE SAFE DRINKING
WATER STATE REVOLVING FUND AMERICAN RECOVERY AND REINVESTMENT
ACT WATER METER RETROFIT PROJECT (Z14010000) AND AUTHORIZE
NEGOTIATION AND EXECUTION OF AMENDMENT TO PROJECT FUNDING
AGREEMENT TO ADD PHASE 11 TO THE PROJECT**

BACKGROUND

- A. On August 6, 2009, the City Council approved Resolution 2009-516 authorizing the City Manager to execute a \$ 20 Million grant/loan funding agreement (the "Funding Agreement"), and any amendments thereto, for the Water Meter Retrofit (WMR) Project (Phases 1-9), utilizing American Recovery and Reinvestment Act (ARRA) funding provided through the Safe Drinking Water State Revolving Fund (SDWSRF) Program administered by the California Department of Public Health.
- B. Prior to such approval, on June 23, 2009, the City Council had approved the plans and specifications for Phases 1-9 of the WMR project, in order to proceed with the SDWSRF funding application process.
- C. On September 15, 2009, the City Council approved adding Phase 10 to the WMR Project.
- D. It is desirable to add a Phase 11 to the WMR Project, so that ARRA funding can be used to install additional water meters if ARRA funding remains available under the Funding Agreement after awarding contracts for Phases 1-10 of the WMR Project.
- E. The Phase 11 work consists of retrofitting approximately 1550 services with meters at residential and commercial properties within the project boundaries as depicted in Attachment 2 to the staff report for this item.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1. The plans and specifications for Phase 11 of the ARRA Water Meter Retrofit Project are approved, and the City Manager is authorized to negotiate and execute an amendment to the Funding Agreement to add Phase 11 to the ARRA Water Meter Retrofit Project.