



REPORT TO COUNCIL

City of Sacramento

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

Consent
October 13, 2009

**Honorable Mayor and
Members of the City Council**

Contract: American Recovery And Reinvestment Act (ARRA) Water Meter Retrofit Project Phase 9 (PN: Z14010000)

Location/Council District: Residential and commercial properties in the City of Sacramento (see location map - Attachment 1)/Council District 4.

Recommendation: Adopt a **Resolution** awarding the contract for the project to Sanco Pipelines, Inc. for an amount not to exceed \$1,326,110.

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 Council approved the addition of additional Phases on September 15 (Phase 10) and September 22 (Phase 11). The Project will retrofit approximately 15,000 to 17,000 residential and commercial properties within the City of Sacramento. This Phase 9 project will retrofit approximately 1,170 services with meters. Bids for the Phase 9 project were opened on September 16, 2009, and Sanco Pipelines, Inc. was the lowest responsible bidder.

This 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): The Development Services Department, Environmental Planning Services Division, has reviewed the proposed Project and has determined that this Project 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. Notices of Exemption were filed on June 10, 2009 and June 29, 2009, following the City Council's May 26, 2009 approval to proceed with the Project by filing the application for ARRA funding, and the Council's June 23, 2009 approval of the Project plans and specifications for Phases 1-9.

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 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 9) will install 1,170 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 11).

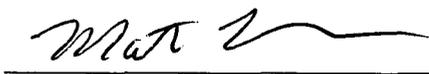
Financial Considerations: The total estimated Phase 9 project cost including design, construction, City supplied materials, inspection and contingency is \$ 1,700,000.

The ARRA funding agreement, approved by City Council on August 6, 2009 (Reso 2009-516) provides funds for the Water Meter Retrofit Project (PN: 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.

Disadvantage Business Enterprise/Minority Business Enterprise/Women Business Enterprise (DBE/MBE/WBE): The bid submitted by Sanco Pipelines, 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.

Respectfully Submitted by: 
David L. Brent
Engineering Services Manager

Approved by: 
Marty Hanneman
Director of Utilities

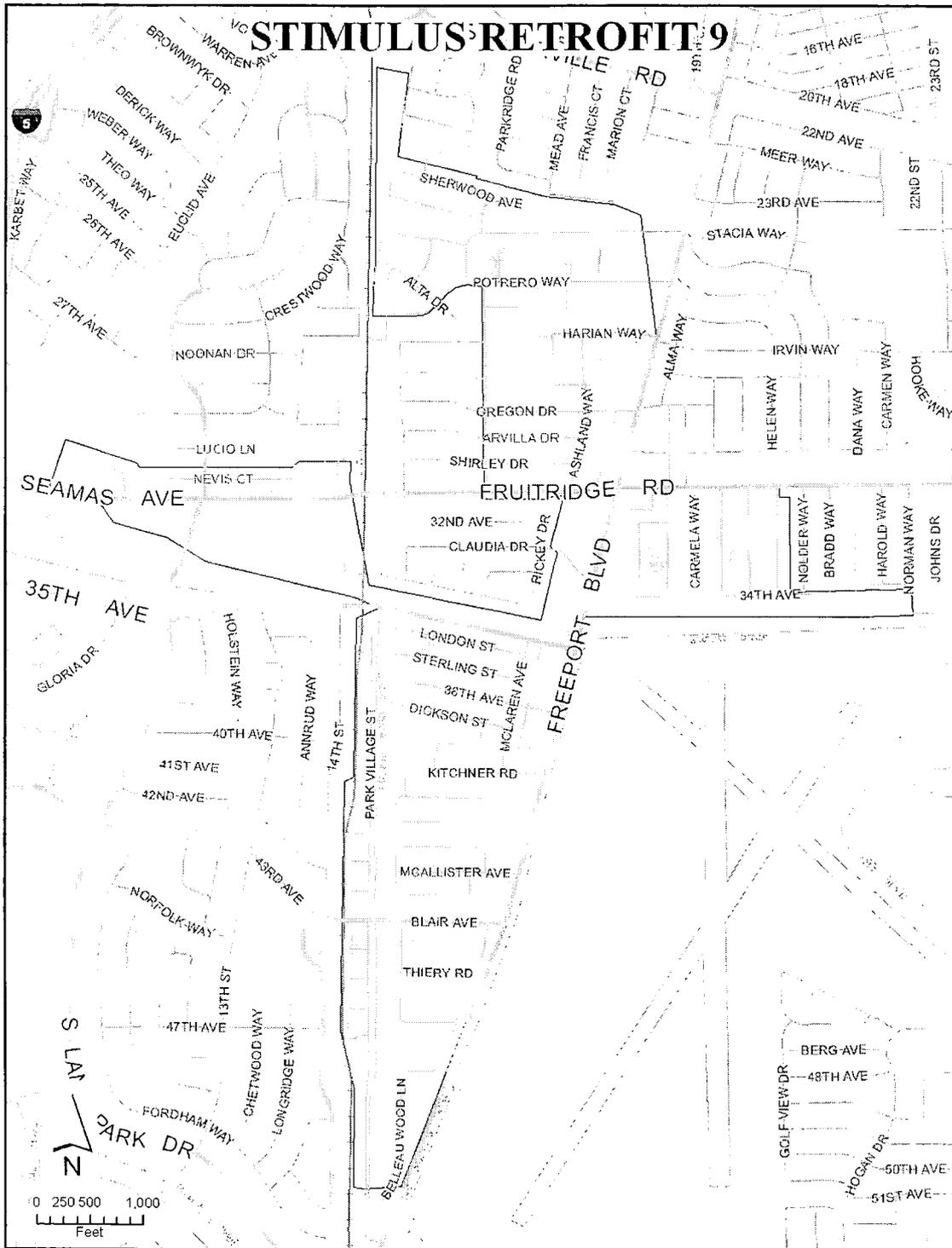
Recommendation Approved:


Ray Kerridge
City Manager

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Attachment 1



Attachment 2**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.

On September 15, 2009, and September 22, 2009, the City Council approved adding Phases 10 and 11 to the Project scope, which will allow approximately 3735 additional meters to be installed, if sufficient ARRA funding remains available after contracts are awarded for Phases 1-9.

This project is phase 9 of 11 and will install 1,170 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 24, 2009 and eleven (11) bids were received and opened by the City Clerk on September 16, 2009. The bids are summarized below:

| Contractor | Bid Amount |
|--|-------------------|
| Sanco Pipelines, Inc. | 1,326,110 |
| Marques Pipeline, Inc. | 1,336,495 |
| Florez Paving | 1,372,275 |
| West Valley Construction Company Inc. | 1,374,600 |
| Advantage Demolition & Engineering | 1,381,125 |
| Navajo Pipelines, Inc. | 1,398,000 |
| WR Forde Associates. | 1,495,350 |
| Flowline Contractors, Inc. | 1,496,905 |
| Argonaut Constructors | 1,586,480 |
| Preston Pipelines, Inc. | 1,627,644 |
| North Star Construction & Engineering Inc. | 1,642,795 |

The engineer's estimate was \$2,000,000

The low bid submitted by Sanco Pipelines did not include documentation of prior experience performing similar work for a municipality or other public agency within the last five years, as specified in the Request for Bids. Staff recommends waiving this omission because it did not have any relationship to the bid price, staff received such documentation after bid opening and verified that Sanco Pipelines possesses the requisite prior experience, and waiving this omission in the bid does not provide Sanco Pipelines with any advantage over the other bidders. Staff recommends the contract be awarded to Sanco Pipelines, Inc., the lowest responsible bidder for an amount not to exceed \$1,326,110.

Attachment 3

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 9 (PN: 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. The City Council approved the addition of additional Phases to the Project on September 15 (Phase 10) and September 22 (Phase 11).
- B. The WMR Project will retrofit water services with meters at approximately 15,000 to 17,000 residential and commercial properties, and Phase 9 of the Project will install 1,170 meters on unmetered services.
- C. The plans and specifications for Phase 9 of the Project were approved by the City Council on June 23, 2009.
- D. Bids for Phase 9 of the Project were opened on September 16, 2009 and Sanco Pipelines, Inc. was the lowest responsible bidder. The low bid submitted by Sanco Pipelines did not include documentation of prior experience, as described in the staff report for this item. This constitutes a minor irregularity that is hereby waived because this omission did not have any relationship to the bid price, City staff received such documentation after bid opening and has verified that Sanco Pipelines possesses the requisite prior experience, and waiving this omission in the bid does not provide Sanco Pipelines with any advantage over the other bidders.

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 9 is awarded to Sanco Pipelines, Inc., for an amount not to exceed \$1,326,110.