



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 10 (Z14010000)

Location/Council District: Residential and commercial properties in the City of Sacramento (see location map - Attachment 1 and 2)/Council District 3 and 8.

Recommendation: Adopt a **Resolution** awarding the contract for Phase 10 of the Water Meter Retrofit project to Advantage Demolition & Engineering for an amount not to exceed \$2,230,779.

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 water service connections within the City of Sacramento. This Phase 10 will retrofit approximately 2,191 services with meters. Bids for Phase 10 were opened on September 23, 2009, and Advantage Demolition & Engineering was the lowest responsible bidder (see Attachment 3).

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. Following the City Council's addition of Phase 10 to the Project on September 15, 2009, a Notice of Exemption was filed for Phase 10 of the Project on September 23, 2009.

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 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).

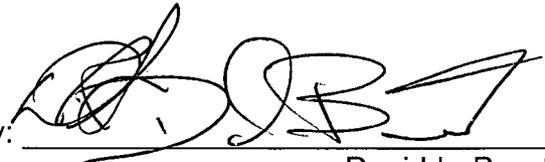
Rationale for Recommendation: Award of this contract will continue the City's implementation of the meter retrofit plan developed by the Department of Utilities based on the implementation guidelines approved by Council. This contract (Phase 10) will install 2,191 meters on unmetered residential and 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.

Financial Considerations: The total estimated Phase 10 project cost is \$2.25 million.

The ARRA funding agreement, approved by City Council on August 6, 2009 (Reso 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.

Disadvantage Business Enterprise/Minority Business Enterprise/Women Business Enterprise (DBE/MBE/WBE): The bid submitted by Advantage Demolition and Engineering 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

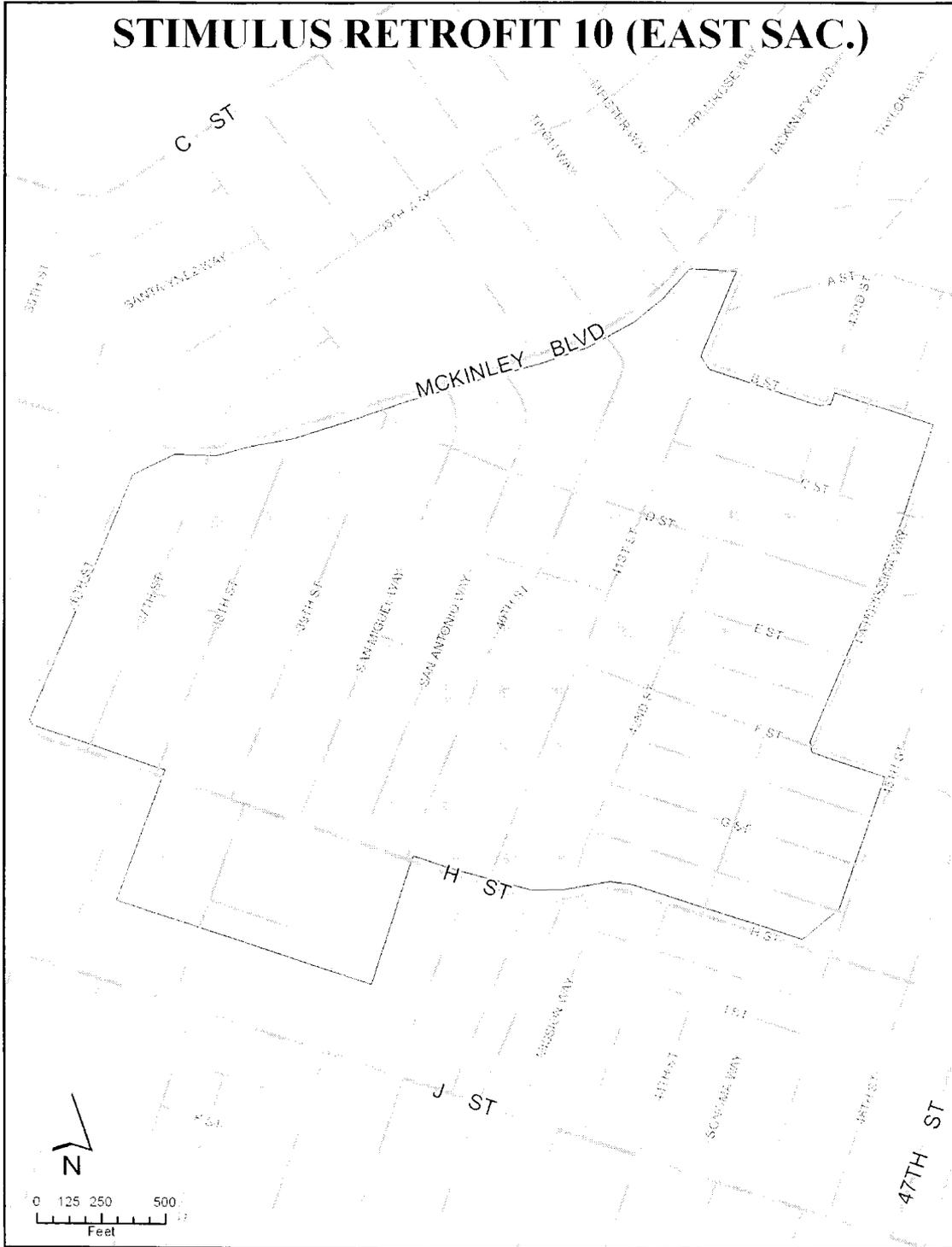
Recommendation Approved:


Ray Kerridge
City Manager

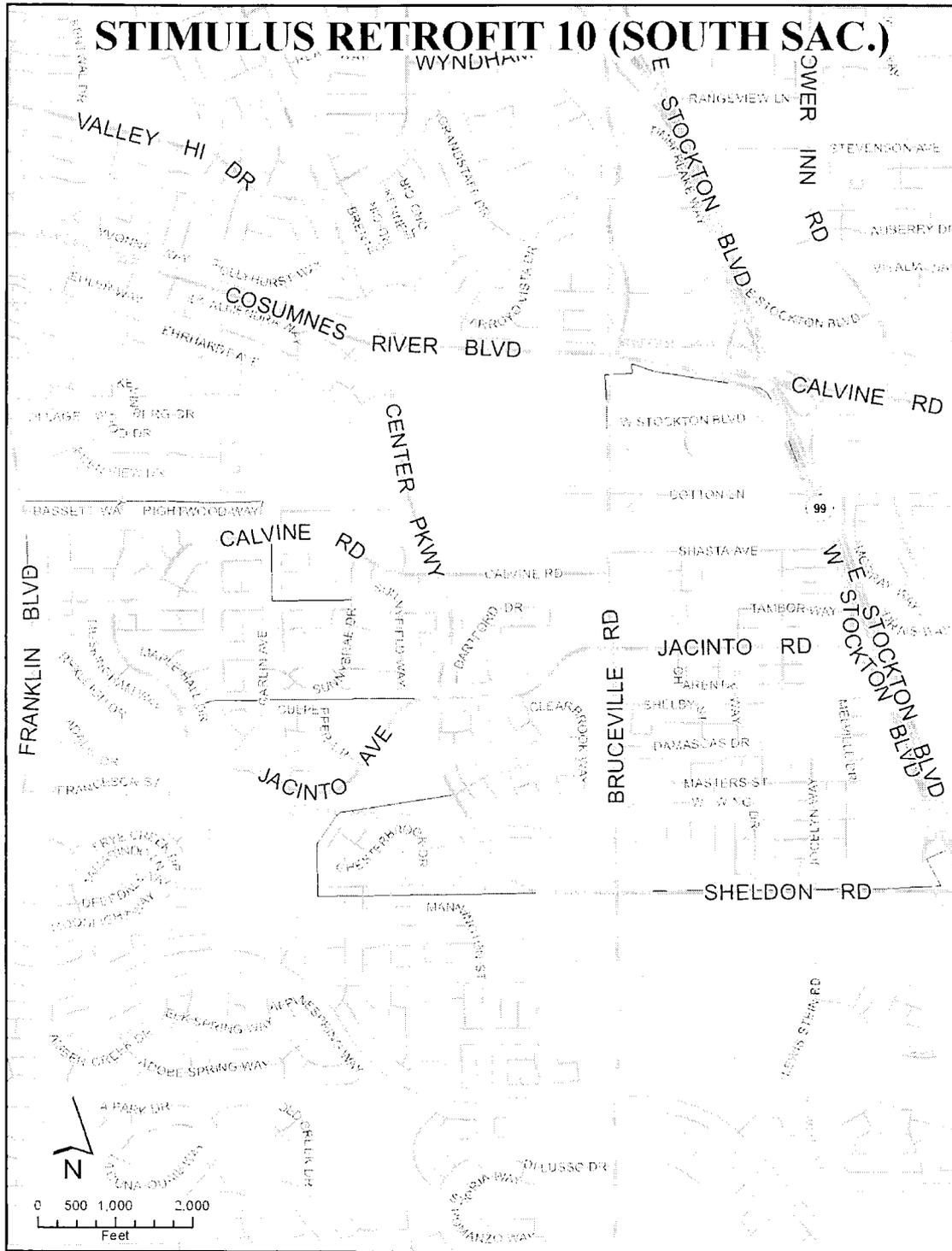
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Attachment 1



Attachment 2



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 (Phases 1-9) 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 Council approved the addition of additional Project Phases, and approved the plans and specifications for these additional Phases, on September 15 (Phase 10) and September 22 (Phase 11).

The Water Meter Retrofit Project submitted for ARRA funding consists of one project divided into multiple phases. The project will install new water meters and AMR transmitters on 15,000 - 17,000 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.

This project is phase 10 and will install 2,191 meters on unmetered residential and commercial services within the project area (see Attachment 1 and 2).

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

This project was advertised on September 7, 2009 and ten (10) bids were received and opened by the City Clerk on September 23, 2009. The bids are summarized below:

Contractor	Bid Amount
Advantage Demolition & Engineering	\$2,230,779
Florez Paving	\$2,234,762.50
Marques Pipelines, Inc.	\$2,273,770
Flowline Contractors, Inc	\$2,295,166
Sanco Pipelines	\$2,297,466
Preston Pipelines	\$2,343,407
Navajo Pipelines, Inc.	\$2,374,450
West Valley Construction	\$2,448,900
Argonaut Construction	\$2,456,400
Arrow Construction	\$2,540,000

The engineer's estimate was \$2,710,000.

The low bid submitted by Advantage Demolition & Engineering included several irregularities in attachments that were included in the ARRA bid requirements: Attachment C (Disadvantaged Business Enterprise Information Form) listed 2 MBE subcontracting firms, Vickers Concrete Sawing and Coats Plumbing, but Vickers Concrete Sawing does not qualify as a federal DBE due to federal income criteria, and Coats Plumbing does not qualify as a federal DBE due to the lack of documentation; Attachment D (Minority Business Enterprise/Women's Business Enterprise - Verification of Qualification) was not submitted for Coats Plumbing; Attachment F (DBE Subcontractor Utilization Form) did not list the two subcontractors already listed on the bidder's Subcontractor Verification Form (Vickers Concrete Sawing and Coats Plumbing); Attachment G (DBE Subcontractor Performance Form) was not submitted for Coats Plumbing, even though this firm already was listed on the bidder's Subcontractor Verification Form; and Attachment M (Equal Opportunity Certification) was not submitted for the two subcontractors already listed on the bidder's Subcontractor Verification Form. Staff recommends waiving these irregularities since they are minor, do not have any relationship to the bid price, and obtaining the required information from Advantage Demolition & Engineering and its subcontractors after bid opening does not provide it with any advantage over the other bidders. DOU has requested and received the incomplete and missing Attachments, and the provided information has been reviewed and accepted by City staff. In addition, City staff has determined that the DBE participation efforts performed by Advantage Demolition & Engineering prior to bid submittal met the requirements of the bid specifications.

Staff recommends the contract be awarded to Advantage Demolition & Engineering as the lowest responsible bidder for an amount not to exceed \$2,230,779.

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 10 (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 a total of 15,000 - 17,000 residential and commercial properties, and Phase 10 of the Project will install 2,191 meters on unmetered services.
- C. The plans and specifications for Phase 10 of the Project were approved by the City Council on September 15, 2009.
- D. Bids for Phase 10 of the Project were opened on September 23, 2009, and Advantage Demolition & Engineering was the lowest responsible bidder. The low bid submitted by Advantage Demolition & Engineering included several irregularities in attachments that were included in the ARRA bid requirements, as described in the staff report for this item. These constitute minor irregularities that are hereby waived because they do not have any relationship to the bid price, and obtaining the required information from Advantage Demolition & Engineering and its subcontractors after bid opening does not provide it 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 10 is awarded to Advantage Demolition & Engineering, for an amount not to exceed \$2,230,779.