City of Sacramento
City Council

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

Meeting Date: **7/31/2012** **Report Type:** Consent

Title: Water Treatment Plants Rehabilitation Project [2/3 Vote Required] (Continued from 7-24-12)

Report ID: 2012-00584

Location: District 1 and 6

Recommendation: Pass a Resolution suspending competitive bidding, in the best interests of the City, for the Water Treatment Plants Rehabilitation Project, so that City staff can utilize a prequalification process to selected pre-qualified contractors eligible to bid on the project.

Contact: Bill Busath, Interim Division Manager, (916) 808-1434; Dan Sherry, Supervising Engineer, (916) 808-1419, Department of Utilities

Presenter: None

Department: Department Of Utilities
Division: Engineering Administration
Dept ID: 14001311

Attachments:

1- Description/Analysis
2- Background
3 -Location Map_WTP Rehablitation
4- Resolution

City Attorney Review
Approved as to Form
Joe Robinson
7/19/2012 11:31:14 AM

City Treasurer Review
Reviewed for Impact on Cash and Debt
Russell Fehr
7/9/2012 12:13:24 PM

Approvals/Acknowledgements

Department Director or Designee: Dave Brent - 7/19/2012 9:15:18 AM

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DESCRIPTION/ANALYSIS

Issue: The City's two surface water treatment plants, the Sacramento River Water Treatment Plant (SRWTP) and the E.A. Fairbairn Water Treatment Plant (FWTP), were initially constructed in the 1920's and 1960's, respectively. Although portions of each plant have been updated, much of the original construction remains. The oldest structures and equipment have exceeded their useful life and need to be rehabilitated or replaced. Design is currently underway for the Treatment Plant Rehabilitation project, which is estimated to be an approximately $150,000,000 project. Due to complexity of the planned rehabilitation construction and the critical importance of these facilities, the Department of Utilities staff recommends using a prequalification process to create a list of prequalified contractors eligible to bid on the project. Following bidding among prequalified contractors, the contract would then be awarded to the lowest responsible bidder. It is necessary to suspend competitive bidding in order to limit bidding on the project to prequalified contractors.

Policy Considerations: This project, which provides infrastructure for a safe and reliable water supply, is consistent with City Council focus areas of public safety, economic development, livability, and sustainability. The City Charter and City Code allow the City Council to suspend competitive bidding for a public project, when the Council determines, on a 2/3 vote, that it is in the City's best interests to do so. Staff believes that it is in the City's best interests to suspend competitive bidding for this project, so that City staff can utilize a prequalification process to create a list of prequalified contractors, and limit bidding on the project to only prequalified contractors. Using a prequalification process will assure that contractors bidding on the project possess the requisite qualifications and experience to successfully perform the project, which will minimize unanticipated costs and delay, and also will minimize any potential for disruption to the ongoing operation of the water treatment plants, which are essential to the health and safety of the City and City residents. A similar prequalification process has been used successfully on other large Utilities projects.

Economic Impacts:

This infrastructure rehabilitation project is expected to create 600 total jobs (345 direct jobs and 255 jobs through indirect and induced activities) and create $92,615,250 in total economic output ($58,376,100 of direct output and another $34,239,150 of output through indirect and induced activities).

The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical $1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly

from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

Environmental Considerations: Suspending competitive bidding to allow for prequalification of construction contractors is an administrative action that will not result in effects to the environment. Such actions are exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3) and 15378(b)(5), where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Construction of the project is subject to CEQA, and on March 20, 2012, the City Council passed Resolution No. 2012-067, which adopted the mitigated negative declaration and mitigation reporting program for the Water Treatment Plant Rehabilitation project, pursuant to the requirements of CEQA.

The mitigated negative declaration and Resolution 2012-067 are available for review on the Community Development Department's webpage at:

http://www.cityofsacramento.org/dsd/planning/environmental-review/eirs/

Sustainability: This project is consistent with the City's Sustainability Master Plan by providing a safe and reliable water supply for the Sacramento Region.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: Work at the SRWTP will require portions of the existing plant to be demolished while other segments remain active. Both treatment plants are critical infrastructure, and delays in bringing new facilities online will severely limit the Department's capabilities to provide safe reliable drinking water. Due to complexities in phasing the work, the sheer size of the project and constructability issues associated with working within an existing operating water treatment plant, it is vital that construction contractors be prequalified to bid the work. Prequalification will be based on each contractor's capabilities, experience with similar construction projects, their record of timely and successful project completion, availability of a qualified superintendent, their bonding capacity, and insurance coverage.

Financial Considerations: The prequalification process will help mitigate unanticipated costs and potential delays to the project.

Emerging Small Business Development (ESBD): Since federal funds are involved, it is anticipated that the construction will follow federal requirements for minority and women-owned business enterprise (MBE/WBE) participation.

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BACKGROUND

Much of the existing infrastructure at the City's water treatment plants has exceeded its service life and is at risk of failing. The Sacramento River Water Treatment Plant (SRWTP) and E. A. Fairbairn Water Treatment Plant (EAFWTP) were constructed in 1923 and 1964 respectively. Plant expansions at both of these facilities were completed in 2005, but much of the existing infrastructure was not rehabilitated or replaced as part of those projects.

In 2007 the Department of Utilities (DOU) conducted a study that assessed the condition and performance of the City's water treatment plants. That study, completed in February 2009, concluded that both treatment plants require substantial rehabilitation in order to provide reliable water deliveries. Major planned work components include:

- Decommission SRWTP Flocculation/Sedimentation Basin 1
- Demolish SRWTP Flocculation/Sedimentation Basin 2
- Decommission SRWTP Filters 1 thru 16
- Install replacement filters and one new Flocculation/Sedimentation Basin
- Decommission the existing and install a new SRWTP High Service Pump Station
- Install Solids Handling Facilities at both SRWTP and EAFWTP
- Replace and install new yard piping to increase reliability, flexibility, and connect the new facilities.

If the City did not make these improvements, it is anticipated SRWTP future production would not meet all demands, which could result in low system pressures throughout the City for months or even years. This might cause unsafe drinking water and a water system that did not meet fire protection requirements. Also, City would continue having to contract for process solids drying, particularly at the EAFWTP.

Rehabilitation Project Milestones:

On April 13, 2010, City Council approved a Professional Service Agreement with Carollo Engineering, Inc. for design plans and specifications to replace the aged facilities and provide mechanical process solids drying equipment at both plants. The construction documents are anticipated to be ready for bidding in the fall of 2012, with a target bid opening date of December 18, 2012. Construction is anticipated to begin in March of 2013, and be completed by September 2016.

Project Funding:

The current estimate for construction and related administration of the treatment plants rehabilitation project is approximately $150 million (roughly 90% for SRWTP and 10% for EAFWTP). It is anticipated that most of the construction will be financed through the sale of revenue bonds. The City also received a $25,000 community development block grant to partially pay for the project, and the Department is applying for some Homeland Security grant money as well.

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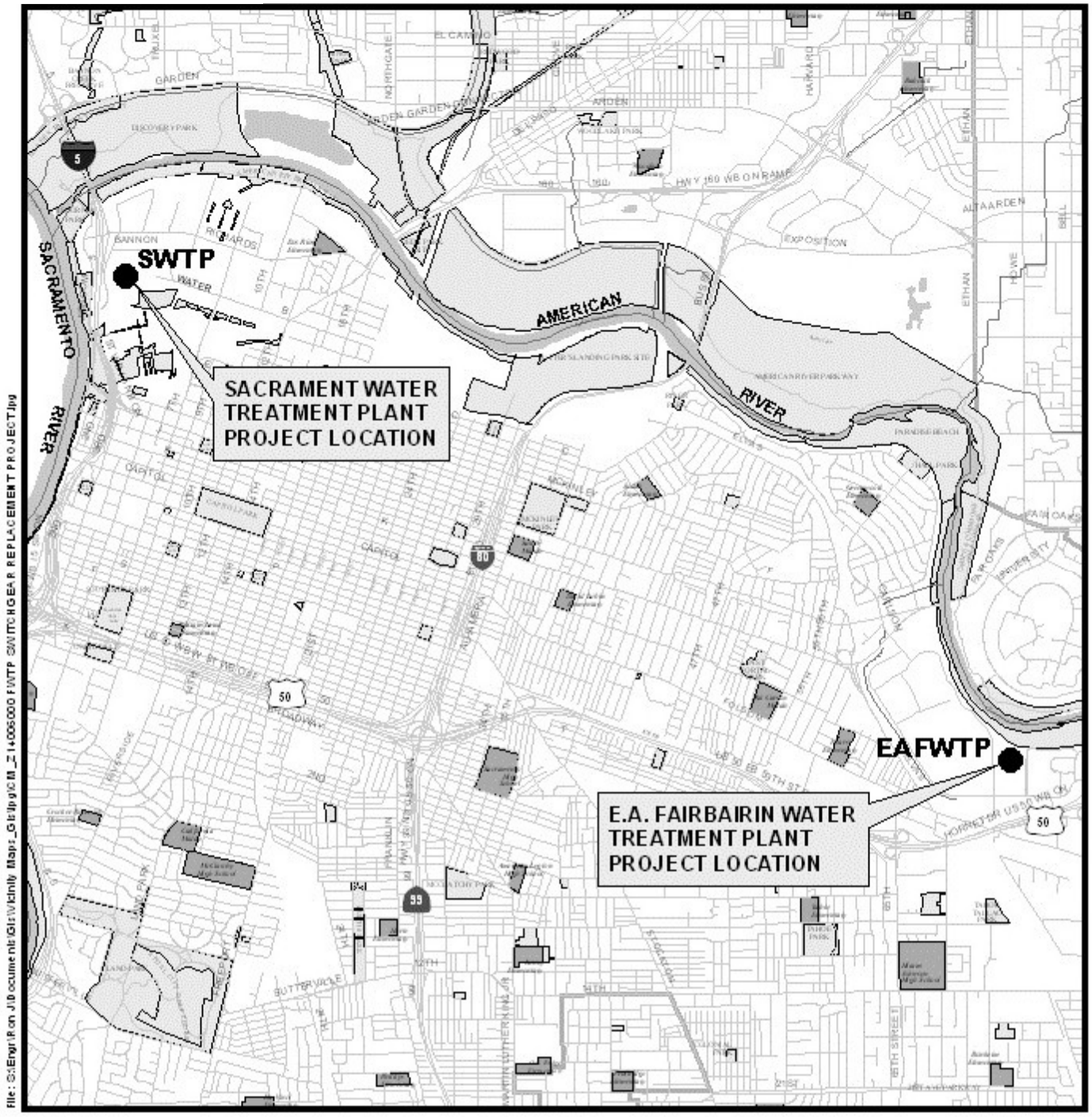
ATTACHMENT 3

WATER TREATMENT PLANTS
REHABILITATION PROJECT
(PN: Z14006000)



Map Prepared By
City of Sacramento
Department of Utilities

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RESOLUTION NO. 2012-

Adopted by the Sacramento City Council

SUSPENDING COMPETITIVE BIDDING FOR THE WATER TREATMENT PLANTS REHABILITATION PROJECT

BACKGROUND

A. The Sacramento River Water Treatment Plant (SRWTP) was constructed in the 1920's and the E.A. Fairbairn Water Treatment Plant (EAFWTP) was constructed in the early 1960's. Many of the older structures at these facilities have reached the end of their service life and need to be rehabilitated or replaced.

B. The Department of Utilities performed a condition assessment study that was completed in 2009 that identified major infrastructure at the treatment plants requiring replacement or rehabilitation.

C. On April 13, 2010, City Council approved a Professional Services Agreement for design of the Treatment Plants Rehabilitation Project, and design of the Project is underway. Bids for Project construction are anticipated to be opened in January 2013.

D. On March 20, 2012, the City Council passed Resolution No. 2012-067, which adopted the mitigated negative declaration and mitigation reporting program for the Water Treatment Plants Rehabilitation project, pursuant to the requirements of the California Environmental Quality Act.

E. The Water Treatment Plants Rehabilitation Project construction will be complex and represents an infrastructure investment of some $150 million. The Contractor will have to work around existing facilities that are to remain in operation.

F. Staff recommends that the City Council suspend competitive bidding for the Project, to allow the Department of Utilities to utilize a prequalification procedure to select prequalified construction contractors to bid on the Project, and then limit bidding on the Project to only prequalified contractors.

G. Under the City Charter and City Code, the City Council can suspend competitive bidding for a public project when it determines, on a 2/3 vote, that it is in the City's best interests to do so.

H. It is in the best interests of the City to suspend competitive bidding for the Project so that City staff can utilize a prequalification process to create a list of prequalified contractors, and limit bidding on the Project to only prequalified contractors. Using a prequalification process will assure that contractors bidding on the Project possess the requisite qualifications and experience to successfully perform the

Project, which should minimize unanticipated costs and delays, and should minimize potential disruptions to ongoing water treatment plant operations. The water treatment plants are essential to the health and safety of the City and City residents. A similar prequalification process has been used successfully on other large Utilities projects.

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

Section 1. Competitive bidding is suspended for the Water Treatment Plants Rehabilitation Project (Z14006000) in the best interests of the City.