TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER        DEPARTMENT: UTILITIES
DATE: NOVEMBER 8, 2004
SUBJECT: APPROVAL OF A BUDGET AMENDMENT ORDINANCE IN THE AMOUNT OF $580,353 AND APPROVAL OF A CONTRACT WITH ANDERSON PACIFIC ENGINEERING CONSTRUCTION, INCORPORATED IN THE AMOUNT OF $4,690,000 FOR PHASE I WATER DISTRIBUTION SYSTEM IMPROVEMENTS PROJECT (WS01010, WS01011, WS01012)

RECOMMENDATION
Staff recommends that Council:

1. Approve the attached Budget Amendment Ordinance (BAO) in the amount of transferring $580,353 from Capital Improvement Program (CIP) Project WS-02005, El Camino Park Reservoir and Pump Station, to the Phase I Water Distribution System Improvements Project.

2. Approve and authorize the Mayor to execute the attached contract with Anderson Pacific Engineering Construction, Incorporated in the amount of $4,690,000 for Phase I Water Distribution System Improvements Project, Capital Improvement Projects (CIP) WS01010, WS01011 and WS01012.

3. Authorize the City Manager or his designee to negotiate and execute one or more change orders to the contract with Anderson Pacific Engineering Construction, Incorporated for related, additional but unforeseen work which may develop during the project, the total value of which shall not exceed $469,000.

BACKGROUND
In 1999, the City’s consultant, Carollo Engineers, completed a study of the water distribution system (1999 Study). The 1999 Study recommended improvements to: a) meet fire-suppression demands during normal operations, b) support the San Francisco
Public Utility Commission’s recent conversion from chlorine disinfection to chloramine disinfection, and c) meet State recommendations for an 8-hour emergency water supply. The CIP budget for this project is divided into three corresponding CIP projects to improve and maintain service on existing water facilities:

1. Reservoir Booster Station Improvements (WS-01010) for improvements to meet fire suppression demands during normal operations.
2. Distribution System Water Quality Enhancements (WS-01011) for improvements to support chloramine conversion, and
3. Booster Station Improvements (WS-01012) for emergency water supply improvements on foothills facilities.

**DISCUSSION**

**Project Description**
The work to be performed under the contract is for modifications to improve water booster station operations, replace aging equipment at the Quarry, Corte Madera, Boronda, Park and Dahl Booster Pumping Stations; install reservoir mixing systems at the Mayfield, Corte Madera, Boronda, Park, Dahl and Monte Bello Reservoirs to maintain water quality; and install ammonia feed systems at the Hale, Rinconada and Peers Park wells to produce chloraminated well water compatible with the existing SFPUC water supply in the water distribution system. The project will facilitate maintaining adequate storage in the foothills reservoirs for fire suppression; will allow Pressure Area 4 to be supplied water directly from the Quarry Booster Station independent of the foothills reservoirs; will improve operational flexibility in handling potential chloramine disinfection problems; and will provide additional operational flexibility for conveying water from foothills reservoirs to lower pressure zones (east of Foothill Expressway), particularly Pressure Area 2.

This work is being performed by contract because the project resource requirements are beyond the City’s personnel and equipment capacity.
Summary of Bid Process

<table>
<thead>
<tr>
<th>Bid Name/Number</th>
<th>Phase I – Distribution System Improvements Project / IFB 107222</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Length of Project</td>
<td>330 calendar days</td>
</tr>
<tr>
<td>Number of Bids Mailed to Contractors</td>
<td>9</td>
</tr>
<tr>
<td>Number of Bids Mailed to Builder’s Exchanges</td>
<td>7</td>
</tr>
<tr>
<td>Total Days to Respond to Bid</td>
<td>33 working days (48 calendar days) from August 4, 2004 to September 21, 2004</td>
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<tr>
<td>Pre-Bid Meeting?</td>
<td>Yes (mandatory)</td>
</tr>
<tr>
<td>Number of Company Attendees at Pre-Bid Meeting</td>
<td>10</td>
</tr>
<tr>
<td>Number of Bids Received:</td>
<td>3*</td>
</tr>
<tr>
<td>Bid Price Range</td>
<td>From a low of $4,690,000 to a high of $5,224,500</td>
</tr>
</tbody>
</table>

*Bid summary provided in Attachment D.

A notice inviting formal bids for Phase I Water Distribution Improvements Project was sent on August 4, 2004 to seven builders' exchanges and nine contractors. The bidding period was 48 calendar days. A mandatory pre-bid meeting was held on August 19, 2004; 10 bidders attended the meeting. Bids were received from three qualified contractors on September 21, 2004, as listed on the attached bid summary (Attachment D). Bids ranged from a low bid of $4,690,000 to a high of $5,224,500. Contractors not responding indicated that they did not submit a bid because they were too busy to bid.

Staff reviewed all bids submitted and recommends the low bid of $4,690,000 submitted by Anderson Pacific Engineering Construction, Incorporated be accepted and that Anderson Pacific Engineering Construction, Incorporated be declared the lowest responsible bidder. The bid is 9% below the engineer's final project estimate of $5,300,000. The engineer’s final project estimate was prepared after the final project design plans were completed in the Summer of 2004. The project budget funding estimate used in the FY04-05 Water Fund CIP was prepared based on the preliminary project plan estimates calculated in November 2003. The final project estimate and the bid price reflect current market conditions, which are outside the City’s control. Staff believes the apparent low bid is the lowest cost the City can expect for this project. Staff recommends Council approve a BAO for $580,353 to complete the Phase I Project construction.

A change order amount of $469,000, which equals 10% of the total contract, is requested for related unforeseen work which may develop during the project.
Staff confirmed with the Contractor's State License Board that the contractor has an active license on file. Staff checked references supplied by the contractor for previous work performed and found no significant complaints.

**RESOURCE IMPACT**
The attached BAO requests an additional appropriation of $580,353 for the Phase I Water Distribution Improvements Project, to be transferred from construction funds in Water CIP Project WS-02005, El Camino Park Reservoir and Pump Station. It is anticipated that the El Camino Park Reservoir and Pump Station project will bid in FY 2007-08, following completion of the Emergency Water Supply Project EIR and project final design. At this time Council will be asked to return the funds to the El Camino Park Reservoir and Pump Station Project by transferring funds from the Water Rate Stabilization Reserve Fund. There will be no excavations in City roads, therefore, Street Cut Fees do not apply. Current staffing and equipment resource levels prevent City staff from constructing this project.

**POLICY IMPLICATIONS**
The approval of this contract is consistent with existing City policies. This recommendation is consistent with the Council-approved Utilities’ Strategic Plan, especially Supporting Key Strategy No. 1: Operate distribution systems in a cost effective manner, Objective No. 1: Enhance customer satisfaction by delivery valued products and services, and Objective No. 2: Invest in utility infrastructure to deliver reliable service.

**ENVIRONMENTAL REVIEW**
This project is categorically exempt from the provisions of the California Environmental Quality Act under Section 15301 (b), Class I Existing Facilities, and Section 15302 (c), Class 2 Equipment Replacements exemptions, and no further environmental review is necessary.

**ATTACHMENTS**
A: Budget Amendment Ordinance  
B: Contract  
C: Project Location Map  
D: Bid Summary  
E: Certificate of Non-Discrimination

**PREPARED BY:**
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Roger Cwiak, WGW Engineering Manager
DEPARTMENT HEAD:  

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JOHN ULRICH, Director of Utilities

CITY MANAGER APPROVAL:  

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EMILY HARRISON  
Assistant City Manager