



## CITY OF COMMERCE AGENDA REPORT

**TO:** Honorable City Council

**Item No.** \_\_\_\_\_

**FROM:** City Administrator

**SUBJECT:** Award of Contract for Construction of a New Drinking Water Well at Commerce Station 7

**MEETING DATE:** May 15, 2018

---

### **RECOMMENDATION:**

The City Council will consider for adoption a Resolution awarding a contract for construction of a new drinking water well at Commerce Station 7.

### **ANALYSIS:**

On October 1, 2002, the City and CWS Utility Services, a subsidiary of Cal Water, entered into a Lease of Real Property for the Commerce Water System ("the Lease"), wherein the City is the lessor and Cal Water the lessee. The Lease provides for a process whereby Cal Water shall recommend capital improvements to the City when necessary. When Cal Water recommends capital improvements, the parties are to negotiate in good faith for design and construction oversight of approved capital projects.

On December 15, 2015, staff presented the City Council with a newly developed Capital Improvement Program (CIP) for the Commerce Water System. At this meeting, Council approved Cal Water's development of a proposal for design, permitting and construction management services for a new well to be located at Station 7. This area was chosen since there is ample space for the proposed capital improvement, which reduces the cost by not having to purchase land for a new well site.

As previously reported to Council, the City is in need of a new drinking water well to replace the one at Station 4, which was constructed in 1917. The well project will be completed in three phases as follows:

Phase 1: Well construction (includes initial well assessment, permitting, and design).

Phase 2: Water quality analysis and initial treatment recommendation.

Phase 3: Final treatment design and outfitting existing facility.

As a result, the City entered into an agreement on November 15, 2016 with Cal Water to assist the City with the design, permitting, and management for the construction of the new well in the amount of \$282,000. This includes anticipated permit fees and a typical 20% contingency. Cal Water's proposed costs are for Phase 1 only. It does not include actual construction, which is specified in the Financial Impact section below.

Cal Water's responsibility includes assembling a project team to provide all technical skills and operational experience that will work closely with City staff. Cal Water will also assist with procurement services, including reviewing bids and agreement terms with contractors. At a minimum, a dedicated Cal Water civil engineer will be the project lead and will be available at all times as a liaison to the City. The project lead will be supported by all the technical services necessary to include, but not be limited to in-house geologists, microbiologists, industry leading experts, and individuals with many years of practical experience constructing and operating water wells.

The City and Cal Water prepared and submitted a well permit application to the State of California Department of Drinking Water (DDW) for construction of the new well and subsequently received the permit to construct. The DDW conducted a site visit on August 1, 2017. The City prepared an environmental review in accordance with CEQA and Council adopted a Mitigated Negative Declaration on August 15, 2017.

On March 6, 2018, the City released the plans and specifications for bidding. The City received three bids on April 9, 2018 as follows:

<b>Contractor</b>	<b>Bid Amount</b>
<b>South West Pump &amp; Drilling, Inc.</b>	<b>\$753,512</b>
<b>Layne Christensen Company</b>	<b>\$861,045</b>
<b>Zim Industries, Inc.</b>	<b>\$992,504</b>

Cal Water and City staff reviewed the bids and based on bid comparison and analysis, recommends the City award a contract to South West Pump & Drilling, Inc. as the most responsive bidder. This contractor is qualified and experienced in the subject area with excellent references.

#### **ALTERNATIVES:**

1. Approve staff recommendation.
2. Disapprove staff recommendation.
3. Provide further direction to staff.

**FISCAL IMPACT:**

The total project cost is as follows:

Activity	Year	Cost
Phase 1 – well construction	Year 1 and 2	\$1,200,000
Phase 2 – Water Quality Analysis and Initial Treatment Recommendation		
Phase 3 – Final Treatment Design and Outfitting Existing Facility	3	\$800,000
Total		\$2,000,000

Council funded \$1,200,000 from the Water Utility Fund for Phase 1 and 2 work (\$300,000 for Cal Water engineering and design and \$900,000 for well construction). The awarded of contract for construction is \$753,512. The remaining funds of \$146,488 (\$900,000 - \$753,512) are reserved for construction contingencies. The cost of Phase 3 work (\$800,000) to bring the well into operation will be requested as part of next year's budget.

**RELATIONSHIP TO STRATEGIC GOALS:**

This item is related to a specific 2016 Strategic Goal to “develop and implement a sustainable Capital Improvement Program to ensure the quality of existing infrastructure and to support future plans for the City.”

Approved by: Maryam Babaki, Director of Public Works and Development Services

Prepared by: Gina Nila, Deputy Director of Public Works Operations

Reviewed by: Vilko Domic, Finance Director

Approved as to form: Noel Tapia, City Attorney

Respectfully submitted: Edgar P. Cisneros, City Administrator

ATTACHMENTS: 1) Resolution  
2) Agreement