



Agenda Report

February 26, 2018

TO: Honorable Mayor and City Council

FROM: Water and Power Department

**SUBJECT: CONTRACT WITH MICHELS CORPORATION DBA MICHELS
PIPELINE CONSTRUCTION FOR WATER MAIN INSTALLATIONS**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the project is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Sections 15301 (Existing Facilities) and 15302 (Replacement or Reconstruction); and
2. Accept the bid dated February 5, 2018 submitted by Michels Corporation DBA Michels Pipeline Construction in response to Specifications WD-17-13 for the installation of ductile iron water mains in Oak Knoll Avenue and Avenue 64; and
3. Reject all other bids received; and
4. Authorize the City Manager to enter into a contract not to exceed \$2,591,575, which includes the base contract amount of \$2,355,977 and a contingency of \$235,598 to provide for any necessary change orders.

BACKGROUND:

The Water and Power Department's ("PWP") Water System Master Plan ("Master Plan"), adopted in 2002, provides guidelines for water main replacements. PWP's current goal is to replace three to five miles of water mains per year to provide continued reliable water service. City crews are able to replace approximately one to two miles of water main per year and contractors are used to accomplish annual goals.

The recommended contract is for construction of two projects to replace approximately 1.9 miles of water mains. The Oak Knoll Avenue Water Main project will replace 3,580 feet of occluded 8-inch and 12-inch cast iron pipes (originally installed in 1913) with new 8-inch and 12-inch ductile iron pipes, and renewing or reconnecting of 50 water services to new and existing mains.

The Avenue 64 project will replace 6,422 feet of occluded 8-inch cast iron pipes (originally installed in 1921 and 1926) with new 8-inch ductile iron pipes, and renewing or reconnecting of 109 services to new and existing mains. The new water mains will meet the required pressure, pipe velocity, and fire flow criteria as approved in the Master Plan. Work is expected to commence May 2018 and be completed by December 2018.

PWP originally presented these projects to the City Council on December 11, 2017, and requested that it reject all bids received. At that time, the lowest two bidders withdrew their bids and the third bidder was significantly higher than the engineer's estimate. The specifications were reviewed, and changes were made to the paving requirements to be more economical. The Department of Public Works assisted PWP to modify the paving requirements while satisfying the City's standards. PWP estimates the savings are approximately \$150,000. Delays in meeting PWP's 2018 goals for water main replacements are expected as a result of the delay in contract award.

The Notice Inviting Bids for Specifications WD-17-13 was advertised in the Pasadena Journal, and also posted online through Planet Bids on December 21, 2017. PWP contacted 32 contractors, including one local contractor. On January 9, 2018, 13 contractors attended the mandatory pre-bid meeting and five responsive bids were received and opened on February 6, 2018.

The results of the bids were as follows:

<u>Bidders</u>	<u>Total Bid</u>
1. Michels Corporation DBA Michels Pipeline Construction, Rancho Cucamonga	\$2,355,977
2. Stephen Doreck Equipment Rental, Inc., Pico Rivera	\$2,466,749
3. Toro Enterprises, Inc., Oxnard	\$2,761,383
4. GRFCO, Inc., Brea	\$2,794,200
5. Colich & Sons, L.P., Gardena	\$2,879,177
Engineer's Estimate	\$2,073,000

Michels Corporation DBA Michels Pipeline Construction was the lowest responsive and responsible bidder and complied in all respects with the requirements of the Specifications. Although the lowest bid is higher than the engineer's estimate, PWP recommends moving forward with the contract because the bids indicate an overall price increase in the industry. Michels Corporation DBA Michels Pipeline Construction possesses a valid and current California State Contractors License Classification "A" as required by the Specifications.

The proposed contract complies with Competitive Bidding and Purchasing Ordinance P.M.C. 4.08 and the rules and regulations promulgated thereunder. The project was bid as a prevailing wage project and workers employed will be paid the general prevailing rate of per diem wages as determined by the California Director of Industrial Relations.

The project will meet the requirements of prevailing wage law under California Labor Code Sections 1720 through 1861 and Title 8 of the California Code of Regulations. Staff recommends that the City Council award a contract to Michels Corporation DBA Michels Pipeline Construction in the amount of \$2,591,575, which includes the base bid of \$2,355,977 and a 10% contingency of \$235,598 for any necessary change orders. The recommended contractor does not have any current or past contracts with PWP. Water Distribution engineering staff in the Water Services Division will keep track of the contract spending.

COUNCIL POLICY CONSIDERATION:

The proposed contract is consistent with the City Council's Strategic Planning Goals to: (i) Improve, maintain, and enhance public facilities and infrastructure; and, (ii) Ensure public safety. It supports PWP's Master Plan adopted by the City Council in 2002 to allow for the replacement of aging water distribution mains and establishment of reliable infrastructure for the City's water system.

ENVIRONMENTAL ANALYSIS:

The project is categorically exempt from CEQA review pursuant to State CEQA Guidelines Section 15301 (Class 1: Existing Facilities) and 15302 (Class 2: Replacement or Reconstruction). The Class 1 categorical exemption covers the repair, maintenance, or minor alteration of existing public or private structures, facilities, and mechanical equipment including existing publicly owned utilities, involving negligible or no expansion of use. The Class 2 exemption covers the replacement or reconstruction of existing structures and facilities (including utility systems) where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced. The proposed contract would replace 1.9 miles of existing distribution mains for capital improvements as part of PWP's three mile annual replacement program. All of the contemplated maintenance activities and improvements constitute negligible or no expansion of capacity. There is no impact to other projects as a result of approval of this contract.

FISCAL IMPACT:

The cost of this action will be \$2,786,575 which includes the base bid, 10% contingency, plus \$195,000 in anticipated indirect and support costs such as contract administration and inspection. Funding for this action will be addressed by the utilization of existing appropriations in CIP #01001 – Distribution Mains. It is anticipated that \$870,000 of the cost will be spent in fiscal year 2018 and \$1,916,575 of the cost will be spent in fiscal year 2019.

The following table presents the contract summary:

Grand Total Price	\$2,355,977
Contingency	\$ 235,598
Subtotal	\$2,591,575
Contract Admin/Inspection	\$ 195,000
Total Fiscal Impact FY 2018 / 2019	\$2,786,575

Respectfully submitted,



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