



# Agenda Report

September 8, 2014

**TO:** Honorable Mayor and City Council

**THROUGH:** Finance Committee (September 8, 2014)

**FROM:** Water and Power Department

**SUBJECT: AUTHORIZATION TO ENTER INTO A PURCHASE ORDER CONTRACT WITH VIDO ARTUKOVICH & SON, INC./VIDMAR, INC. A JOINT VENTURE FOR ADDITIONAL WORK PERFORMED UNDER CONTRACT NO. 21,341 WHICH EXPIRED ON JUNE 30, 2014**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the project described in this report was subject to adequate environmental review in the Initial Environmental Study approved by the City Council on October 29, 2012, and that there are no changed circumstances or new information, which could trigger additional environmental review;
2. Authorize the City Manager to enter into a purchase order contract with Vido Artukovich & Son, Inc./Vidmar, Inc. a Joint Venture, in the amount of \$237,145.73 for additional work performed as part of the East Side Well Collector Pipeline construction project ("Project"); and
3. It is further recommended that, to the extent some of this work might be viewed as a separate project which should be competitively bid, the City Council retroactively exempt this transaction from competitive bidding based on impracticality.

## **BACKGROUND:**

On May 10, 2013, Contract Number 21,341 was awarded to Vido Artukovich & Son, Inc./Vidmar, Inc. a Joint Venture to provide labor, equipment and materials for the construction of the Project for a total not to exceed amount of \$5,479,721. The total length of the installed pipeline was approximately 4 miles and consists of 16, 20, and 24 inch pipe. This project will collect groundwater from six east Pasadena wells and transport it to Jones Reservoir. Currently, the well water is chlorinated at the well site and directly serves the distribution system. Collecting the water in Jones Reservoir prior to distribution allows for improved water quality and operational flexibility.

Before construction began Pasadena Water and Power Department (“PWP”) determined that there was a need for additional restrained joints and surveying. These changes were not accounted for in the original design or specifications for the Project. During the initial stages of construction, PWP also identified the need to install air release valves and blow-offs at several locations along the water main. It was anticipated that the cost for these early changes and other possible changes encountered during the Project’s construction would be covered by the fifteen percent contingency money incorporated in the contract.

The original specifications, under which Vido Artukovich & Son, Inc./Vidmar, Inc. a Joint Venture was hired, did not provide for changes in the pipeline alignment due to existing underground facilities that were not found in historical or as-built plans during the design process, changes to the connection to existing facilities, and removal of an abandoned 18-inch reinforced concrete pipe located in the alignment of the new water main. Also, a major change was required at the intersection of Foothill Boulevard and Sierra Madre Villa Avenue, due to the complexity of the existing underground facilities at this location and that required five weeks of twelve-hour work days, overnight shifts, and weekends.

The City Council is asked to retroactively approve that the work performed by Vido Artukovich & Son, Inc./Vidmar, Inc. a Joint Venture without further competitive bidding on the grounds that it was impractical to bid and that the public interest would not be served by bidding. The impracticality doctrine is recognized and created by the case of Graydon v. Pasadena Redevelopment Agency. It was impractical to bid and the public interest would not have been served by bidding due to operational and safety considerations and the impact on traffic, residents and local businesses. As in Graydon v. Pasadena Redevelopment Agency, 104 Cal. App. 3d631 (1980), the contractor who was selected for related work through a competitive bidding process was already mobilized and capable of performing the work. Vido Artukovich & Son, Inc./Vidmar, Inc. a Joint Venture had the heavy machinery and personnel at the site needed to provide these services immediately, which also provided for cost-efficiency as compared to bringing in another contractor. As a result, the project was completed on schedule. With this action, the total compensation to Vido Artukovich & Son, Inc./Vidmar, Inc. a Joint Venture for the Project will now be \$5,716,866.73.

**COUNCIL POLICY CONSIDERATION:**

The proposed contract 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 of Pasadena’s water system. The proposed contract is also consistent with the Public Facilities element of the General Plan and supports the Council’s goal to improve, maintain and enhance public facilities infrastructure and to implement capital improvements that will maintain and rehabilitate infrastructure.

**ENVIRONMENTAL ANALYSIS:**

In compliance with the California Environmental Quality Act ("CEQA") an Initial Environmental Study was prepared for the Eastside Well Collector and Centralized Disinfection Facility Project. A Notice of Intent to Adopt a Mitigated Negative Declaration was published on August 6, 2012. The public comment period closed on September 5, 2012.

On October 29, 2012 Council approved the Initial Environmental Study and adopted a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program for the Eastside Well Collector Project. There are no changed circumstances or new information since this approval, which could trigger additional environmental review.

**FISCAL IMPACT:**

The cost of this action will be \$237,145.73. Funding for this action is addressed by the utilization of FY2014 budgeted appropriations in account 1044 – Cross Town Well Collector Pipeline. The work was performed and completed in May 2014; an invoice was received on July 1, 2014. This invoice was recorded as a year-end accrual in FY2014. It is anticipated that the invoice will be paid during FY2015.

The anticipated impact to other operation programs or capital projects as a result of this action will be none.

Respectfully submitted,



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