

Agenda Report

May 23, 2022

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Water and Power Department

SUBJECT: AUTHORIZE A CONTRACT WITH PACIFIC HYDROTECH CORPORATION TO FURNISH LABOR, EQUIPMENT AND MATERIALS NECESSARY TO INSTALL THE WADSWORTH GROUNDWATER TREATMENT PLANT AND APPROVE AMENDMENTS TO THE FISCAL YEAR 2022 CAPITAL IMPROVEMENT PROGRAM BUDGET

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 15303 (New Construction of Small Structures) and that there are no features that distinguish this project from others in the exempt classes and, therefore, there are no unusual circumstances;
2. Accept the bid dated April 21, 2022 submitted by Pacific Hydrotech Corporation in response to Specification WD-22-02 to furnish labor, equipment, and materials necessary to install the Wadsworth Groundwater Treatment Plant; reject all other bids received; and authorize the City Manager to enter into a contract in an amount not to exceed \$6,121,800;
3. Approve amendments to the Fiscal Year ("FY") 2022-2026 Capital Improvement Program ("CIP") to:
 - a. reduce the Water Fund appropriations by \$2,750,000 from the following CIP projects: \$900,000 from New Water Well (01088), \$800,000 from Distribution Mains (01080), \$600,000 from Local Non-Potable Water Project (01095), \$250,000 from Computerized Maintenance Management System (01089), \$200,000 from Non-Potable Water Project (01013);
 - b. appropriate additional funds of \$2,600,000 from the Water Fund 412 balance;
 - c. increase the appropriations for the Treatment Systems project (01091) by \$5,350,000; and
4. Authorize the City Manager to amend contracts and/or approve change orders for the herein recommended contracts for the Wadsworth Groundwater Treatment Plant in an aggregate amount not to exceed \$900,000.

BACKGROUND:

The Pasadena Water and Power Department (“PWP”) is constructing a new groundwater treatment plant at PWP’s Wadsworth Well site at 115 North Vinedo Avenue to treat groundwater and water conveyed from two offsite wells, Craig and Woodbury. The Wadsworth Groundwater Treatment Plant will remove 1,2,3-trichloropropane (“TCP”) from the groundwater using a liquid-phase granular activated carbon (“GAC”) system. A liquid-phase GAC system is a proven treatment method and is permitted by the State Water Resources Control Board Division of Drinking Water (“DDW”) for removing TCP. The capacity of the treatment plant will be approximately 2,500 gallons per minute and is expected to be online by summer 2023.

The TCP contaminant is a manmade chemical that has a range of industrial uses including use as a binder in rocket fuel. In 2019, two east side groundwater wells, Wadsworth Well and Woodbury Well, had detected limits of TCP that exceeded the maximum contaminant level established by the DDW. These wells were turned off to protect public health, and are only operational when water delivered is at non-detected levels. A third well, Craig, is also included in the design of the treatment system. The Craig well has not been operational since 2006 due to mechanical reasons; however, it is currently being rehabilitated and will be operational by summer 2022.

The Water System and Resources Plan, a long-term water resources and infrastructure planning document adopted by City Council in October 2021, identified the benefits of installing groundwater treatment as an alternative to purchasing additional imported water from the Metropolitan Water District of Southern California in order to put to beneficial use local supplies and provide resiliency and reliability in the water system.

PROJECT SOLICITATION:

As shown in Table 1, the project is being solicited in two phases. The first phase was presented to City Council on December 13, 2021 with a contract award of \$2,147,945 to Calgon Carbon Corporation, selected through a Request for Proposals process to supply the liquid-phase GAC treatment system. Purchasing the GAC treatment system in advance of the overall construction project allowed the project to be more cost effective, and accommodated the 10-month lead time necessary for ordering, manufacturing, and delivery of the system.

The second phase, presented here, is a competitively bid contract for the construction of the treatment plant. The specifications include demolition, site grading, onsite storm water disposal system, natural gas emergency generator, backwash and disinfection systems, new pump and motor for Wadsworth Well, onsite security and fencing, plus all electrical work, piping and appurtenances.

Table 1: Project Phases

| Phase | Contract | Approval Date | Amount |
|----------------------|---------------------------|---------------------------|-------------|
| GAC Treatment System | Calgon Carbon Corporation | 12/13/2021 | \$2,147,945 |
| Construction | Pacific Hydrotech | Recommended 05/23/2022 | \$6,121,800 |

The Notice Inviting Bids for Specification WD-22-02 was posted online through Planet Bids on March 24, 2022. The electronic posting generated notices to 808 vendors, including 19 local vendors, and documents were downloaded by 77 vendors, one of which was local. Eight vendors attended the mandatory pre-bid conference and site visit on March 30, 2022, with no local vendors in attendance. Five responsive bids were received on April 21, 2022, with no bids received from local vendors. Bid results are summarized in Table 2:

Table 2: Summary of Bids

| Bidder Name | Office Location | Bid Amount | Revised Bid Amount |
|--------------------------------|------------------------|-------------------|---------------------------|
| Pacific Hydrotech Corporation | Perris, CA | \$7,415,300 | \$6,121,800 |
| Mehta Mechanical Company, Inc. | La Palma, CA | \$7,454,111 | \$6,235,111 |
| R C Foster Corporation | Corona, CA | \$7,777,000 | \$6,711,000 |
| Caliagua, Inc. | Anaheim, CA | \$7,831,000 | \$6,691,700 |
| Canyon Springs Enterprises | Hemet, CA | \$7,950,000 | \$6,755,000 |

Pacific Hydrotech Corporation was the lowest responsive and responsible bidder that complied with the specification requirements, and possesses a valid Class "A" – General Engineering Contractor License.

The bid proposals were all higher than the engineer's estimate of \$5,468,000. The increase is due to recent price inflations for raw materials and services, and due to supply-chain logistic obstructions. As shown in the column labeled "Revised Bid Amount" in Table 2, PWP is opting to remove some non-essential bid items from the contract to reduce the overall cost of the project. The return on investment compared to purchasing additional water from the Metropolitan Water District of Southern California increases from two years to three years when considering the increased cost.

It is recommended that the City Council authorize the City Manager to enter into a contract with Pacific Hydrotech Corporation in the amount of \$6,121,800, and approve change orders for the amount not to exceed \$900,000. All work for the project will be completed within 315 calendar days.

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 by the contractor 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.

Pacific Hydrotech Corporation does not have any existing or past contracts with the City of Pasadena. Pacific Hydrotech Corporation has experience in providing GAC system installations and has completed similar projects with the City of Chino Hills and the City of Alhambra. The Water Engineering team and their construction management consultant will ensure the project will be completed on time and within budget.

COUNCIL POLICY CONSIDERATION:

The proposed contract is consistent with 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 Water System and Resources Plan ("WSRP") adopted

by City Council in October 2021 by implementing volatile organic compound treatment of groundwater to protect the public, and to provide for a more resilient and reliable water system. In addition, the project will help PWP meet the objective of 50% local and 50% imported water supplies, as stated in the WSRP.

ENVIRONMENTAL ANALYSIS:

The proposed contract is categorically exempt from CEQA pursuant to State CEQA Guidelines Section 15301 (Class 1: Existing Facilities) and 15303 (Class 3: New Construction of Small Structures). The Notice of Exemption was posted at the Los Angeles County Clerk from February 16 to March 18, 2022.

Class 1 exempts from environmental review “the operation, repair, maintenance, permitting, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use.” Class 3 exempts construction and location of limited numbers of new, small facilities or structures; and installation of small new equipment and facilities in small structures. The proposed contract would provide for improvements built to facilitate the use of existing groundwater wells. The project would not result in an expansion of use or capacity and following the project, the water served would have the same purpose and capacity as the current facilities. There are no features that distinguish this project from others in the exempt classes and, therefore, there are no unusual circumstances.

FISCAL IMPACT:

The maximum total cost of this action is \$7,021,800, including the base contract awarded to Pacific Hydrotech Corporation for \$6,121,800 and the total potential project change orders of \$900,000. Funding for this action will be addressed by the utilization of existing and recommended increases to appropriations to the Treatment Systems (01091) including new appropriations of \$2,600,000 from the Water Fund 412 balance as listed in Table 3. The recommended appropriation changes include amending the FY 2022 CIP Budget by reducing a total of \$2,750,000 in Water Fund appropriations from the projects listed in Table 4. The additional appropriation is needed to address the recent cost increases for materials and services that caused the bid proposals to be higher than anticipated.

Indirect capital costs such as contract maintenance and inspections are anticipated to be approximately \$500,000.

Table 3: Appropriation Summary


| | |
|--|----------------------|
| Maximum total cost of action | \$7,021,800 |
| Funding: | |
| Existing available appropriations | (\$1,671,800) |
| Total additional funds from Water Fund 412 balance | (\$2,600,000) |
| Total Appropriation from Water Fund CIPs (Table 4) | (\$2,750,000) |
| Total appropriation changes/funding sources | (\$7,021,800) |

Table 4: FY 2022-FY 2026 CIP Amendments

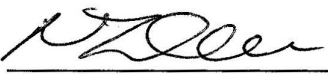
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|--|----------------------|
| New Clean Water Well (01088) | (\$900,000) |
| Distribution Mains (01080) | (\$800,000) |
| Local Non-Potable Water Project (01095) | (\$600,000) |
| Computerized Maintenance Management System (01089) | (\$250,000) |
| Non-Potable Water Project (01013) | (\$200,000) |
| Total appropriation from Water Fund CIPs | (\$2,750,000) |

It is anticipated that all funds will be spent in FY 2023. The remaining appropriations for CIPs 01088, 01080, 01095, 01089, and 01013 are sufficient to complete the balance of the work plan for FY 2022.

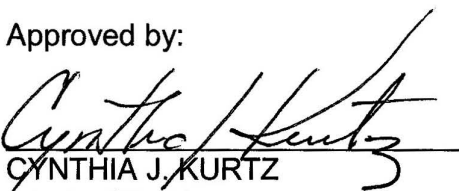
Respectfully submitted,


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