

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

JAN - 9 1996

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Karen E. Dahl
 EXECUTIVE SECRETARY

December 26, 1995

(Finance and Insurance Committee--Action)

To: Board of Directors (Engineering and Operations Committee--Action)

From: *L* General Manager

Submitted by: Gary M. Snyder, Chief Engineer

William H. ...
Gary M. Snyder

Subject: Authorization No. 23 to Increase Appropriation No. 560 from \$1,183,900,000 to \$1,199,150,000 to Expend Budgeted Funds for Procurement of the Butterfly Valves for the Eastside Reservoir Project.

RECOMMENDATION(S)

It is recommended that your Board authorize an increase of \$15,250,000 in Appropriation No. 560 from the 1995 Revenue Bond Construction Fund, to a total \$1,199,150,000 to finance budgeted costs for procurement of the Butterfly Valves for the Eastside Reservoir Project.

It is also recommended that a procurement contract for the Butterfly Valves procurement in the amount of \$11,880,000 be awarded to Nissho Iwai American Corporation in accordance with Specification No. 1339, as amended, and that conditioned upon execution of the contract, all other bids be rejected.

BRIEF DESCRIPTION

Bids have been received under Specifications No. 1339, as amended, for procurement of 62 Butterfly Valves. Six bids were received and opened. These bids are shown on the attached abstract of bids for the Butterfly Valves (see Attachment B). The low bid from Nissho Iwai American Corporation, in the amount of \$11,880,000 complies with the requirements of the specifications, is \$640,000 below the next lowest bid combination, and is \$16,260,000 below the Engineers Estimate. Metropolitan has extensive and favorable experience with Nissho Iwai in performing similar work for the District

The favorable bid price reflects a number of unique factors which are difficult to consider in cost estimating and believed responsible for the variance from the Engineer's Estimate, including (1) the economy of scale related to procurement of significant number of large diameter valves,

(2) current market forces which prompt manufactures to shop worldwide for the casting, machining and fabrication facilities; (Metropolitan's most recent valve purchases were all manufactured in Japan and were valued as such in the Engineer's Estimate) and (3) the favorable exposure experienced by the contractor in undertaking a large scale valve contract on the worldwide market.

A \$15,250,000 increase in Appropriation No. 560 is required to finance the budgeted costs for procurement of the Butterfly Valves. The total estimated cost of the Eastside Reservoir Project (ESRP) is \$1,972,100,000 (see Attachment A).

<p>Contract Type</p> <p><input checked="" type="checkbox"/> New <input type="checkbox"/> Amended</p> <p>Contract Form</p> <p><input type="checkbox"/> Lease <input type="checkbox"/> Professional Services <input checked="" type="checkbox"/> Construction</p>	<p>Funding</p> <p><input checked="" type="checkbox"/> Capital-Appropriation No. 560 <input type="checkbox"/> O & M</p> <p>Budget Status</p> <p><input checked="" type="checkbox"/> FY 95-96 Amount \$226,490,400 <input checked="" type="checkbox"/> Out-Year Amount \$1,273,592,900 <input type="checkbox"/> Non-Budget Amount</p>	<p>Type of Competition</p> <p><input checked="" type="checkbox"/> Competitive Bidding Specification No. 1339 <input type="checkbox"/> Negotiated Contract <input type="checkbox"/> Sole Source</p>
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PURPOSE/BACKGROUND

The Butterfly Valves will be used in a number of locations that are part of or closely related to the ESRP. Eighteen 7-foot diameter valves will be used in the reservoir's Inlet/Outlet Tower to convey water in or out of the reservoir at the proper elevation. The 11-foot and 12-foot diameter valves will be isolation valves for pipeline facilities. The smaller valves are isolation valves for individual pumps or pressure control valves.

ACTION(S) AND MILESTONE(S)

The bids were broken up into three schedules. Schedule one consists of valves with a diameter of 54-inch to 66-inch, which will be delivered 700 calendar days after notice to proceed. Schedule two consists of valves with a diameter of 7-foot, which will be delivered 640 calendar days after notice to proceed. Schedule three consists of valves with a diameter of 11-foot to 12-foot, which will be delivered 700 calendar days after notice to proceed.

MBE/WBE

The Business Outreach Office, the Legal Department, and Engineering reviewed the scope of the work associated with this solicitation. Subsequent to that review, it was determined that an insufficient amount of subcontractable work existed to establish MBE/WBE goals. However, the

specification did include Metropolitan's policy statement encouraging the use of minority and women owned firms.

CEQA COMPLIANCE/ENVIRONMENTAL DOCUMENTATION

All California Environmental Quality Act (CEQA) requirements have been satisfied for the proposed action. In October 1991, your Board certified the Final Environmental Impact Report for DVRP. This action satisfied the provisions of CEQA, and no further environmental documentation or reviews are necessary for your Board to take action on this recommendation.

<p>Plan and Bid Statistics <u>27</u> Contractors Requested Plans <u>6</u> Bids Submitted</p>	<p>Evaluation Criteria Low bid that meets the requirements of the specifications. Bidders manufactures and suppliers qualifications are also considered.</p> <p>Contractual Details <input checked="" type="checkbox"/> Anticipated Duration 700 Calendar Days <input type="checkbox"/> Hourly Rates <input type="checkbox"/> Prevailing Wage Rates Will Apply</p>
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FISCAL STATEMENT
Eastside Reservoir and Related Facilities
(Program No.5-5600-11)

Project Summary:**Total Project**

	<u>Current Budget</u>	<u>Total Appropriation</u>
Planning	15,000,000	15,000,000
Land*	334,000,000	334,000,000
Mitigation*	32,681,000	32,681,000
Design	120,450,000	120,450,000
Construction	1,300,936,000	634,621,092
Recreation	33,000,000	
Contingency	136,033,000	62,397,908
TOTAL	\$ 1,972,100,000	\$ 1,199,150,000

* Land costs include \$28.3 million for land purchases at the Santa Rosa Plateau and Shipley Reserve which when added to non-real estate mitigation costs of \$32.7 million results in a total mitigation value of \$61million.

The total cost breakdowns for Authorization Nos. 22 and 23 to Appropriation No. 560 are shown below:

	<u>AUTHORIZATION NO. 22</u>	<u>AUTHORIZATION NO. 23</u>
Construction	506,180,114	506,180,114
Labor:		
Preliminary Engineering, Final Engineering, and Preparation of Specifications	26,878,741	26,878,741
Post Design	858,012	858,012
Contract Administration Inspection and Survey	18,129,948	18,580,028
Labor Subtotal	<u>45,866,701</u>	<u>46,316,781</u>
Specification 1339 (Including Tax)		12,800,700
Materials and Supplies	25,627,095	25,627,095
Right of Way Acquisition	303,500,000	303,500,000
Incidental Expenses	17,337,002	17,467,002
Professional Services	203,902,298	203,902,298
Operating Equipment Use	1,483,501	1,483,501
Administrative Overhead	22,831,397	23,079,717
Contingencies	60,777,008	62,397,908
Reimbursable from Agencies	-3,620,321	-3,620,321
TOTAL	\$1,183,900,000	\$1,199,150,000

Fiscal Statement
(Program No. 5-5600-11)

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Attachment A

Estimated Funds Required:

REVISION	DATE	AMOUNT
Initial	June 27, 1988	8,300,000
Revision No.1	November 1, 1989	5,000,000
Revision No.2	May 2, 1989	45,000,000
Revision No.3	November 27, 1990	20,000,000
Revision No.4	February 19, 1991	15,600,000
Revision No.5	March 26, 1991	12,000,000
Revision No.6	September 24, 1991	189,100,000
Revision No.7	January 22, 1993	12,300,000
Revision No.8	September 17, 1993	112,000,000
Revision No.9	October 21, 1993	1,670,000
Revision No.10	June 28, 1994	987,000
Revision No.11	July 18, 1994	952,000
Revision No.12	July 25, 1994	19,621,000
Revision No.13	November 29, 1994	94,100,000
Revision No.14	December 23, 1994	56,758,000
Revision No.15	December 23, 1994	22,331,000
Authorization No.16	February 7, 1995	59,500,000
Authorization No.17	February 7, 1995	23,319,000
Authorization No.18	May 8, 1995	9,977,000
Authorization No.19	November 14, 1995	540,000
Authorization No.20	December 26, 1995	4,500,000
Authorization No.21	December 26, 1995	440,945,000
Authorization No.22	December 26, 1995	29,400,000
Authorization No.23	December 26, 1995	15,250,000
Remaining		772,950,000
TOTAL		\$ 1,972,100,000

Source of Funds:

1995 Revenue Bond Construction Fund

Class One:

Projects directly related to delivery of water.

Projected Expenditures of Funds:

Through	Fiscal Year 1992/93	\$251,800,000
	Fiscal Year 1993/94	\$105,889,000
	Fiscal Year 1994/95	\$96,920,700
	Fiscal Year 1995/96	\$211,363,900
	Fiscal Year 1996/97	\$462,716,300
	Fiscal Year 1997/98	\$534,561,300
	Fiscal Year 1998/99	\$266,012,000
	Fiscal Year 1999/2000	\$42,836,800
	TOTAL.....	\$1,972,100,000

**The Metropolitan Water District of Southern California
Abstract of Bids Received on December 13, 1995 at 10:00 a.m.
Specifications No. 1339, as Amended
Eastside Reservoir Project Butterfly Valves**

This project consists of furnishing articles or materials for the Eastside Reservoir Project P-1 Pumping Plant and Inlet/Outlet Tower (I/O) located near Hemet, California, and the Pressure Control Facility located at Lakeview, California, in accordance with Specifications No. 1339.

Engineer's Estimate: Schedule I \$9,760,000, Schedule II \$8,600,000, Schedule III \$9,780,000

BIDDER #	BIDDER & LOCATION		SCHEDULE 1	SCHEDULE 2	SCHEDULE 3	TOTAL EQUALIZED BID PRICE WITH DEDUCTIONS
1	Nissho Iwai American Corporation Los Angeles, California	Bid Price	\$ 4,450,000	\$ 3,520,000	\$ 4,685,000	\$ 13,058,163
		Equalized Bid Price	\$ 4,883,435	\$ 3,837,080	\$ 5,112,648	
2	Noell GmbH Wurzburg, Germany	Bid Price	\$ 6,200,000	\$ 3,500,000	\$ 5,300,000	\$ 16,006,900
		Equalized Bid Price	\$ 6,744,660	\$ 3,803,330	\$ 5,758,910	
3	Kvaerner Hydro Power, Inc. San Francisco, California	Bid Price	\$ 5,366,274	\$ 4,119,557	\$ 5,414,315	\$ 16,184,557
		Equalized Bid Price	\$ 5,865,860	\$ 4,468,073	\$ 5,890,624	
4	Kanematsu USA, Inc. Los Angeles, California	Bid Price	\$ 7,059,626	\$ 6,709,600	\$ 8,336,800	\$ 23,535,743
		Equalized Bid Price	\$ 7,689,467	\$ 7,270,954	\$ 9,041,622	
5	Adams Armaturen GmbH Herne, Germany	Bid Price	\$ -	\$ 7,812,030	\$ -	N/A
		Equalized Bid Price	\$ -	\$ 8,442,812	\$ -	
6	Voest-Alpine M.C.E. Corporation Berlin, New Jersey	Bid Price	\$ -	\$ -	\$ 7,900,000	N/A
		Equalized Bid Price	\$ -	\$ -	\$ 8,557,650	

Attachment C

CONSTRUCTION COST SUMMARY
PROCUREMENT OF THE BUTTERFLY VALVES

The total cost breakdown for the Procurement of the Butterfly Valves is shown below:

Construction Specification No. 1339	11,880,000
Taxes associated with the equipment	920,700
Contract Administration	
Inspection and Survey	450,080
Labor Subtotal	<u>450,080</u>
Materials and Supplies	
Incidental Expenses	130,000
Professional Services	
Operating Equipment Use	
Administrative Overhead	248,320
Contingencies	1,620,900
TOTAL	<u><u>\$15,250,000</u></u>