

January 19, 1999

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

**From:** General Manager \_\_\_\_\_

**Submitted by:** Gary M. Snyder  
Chief Engineer \_\_\_\_\_

**Subject:** Appropriate \$2,122,000 to Finance All Work Including Award of a Contract for the Final Design and Construction of a Warehouse Facility at the Henry J. Mills Filtration Plant

**Reference:** Appropriation No. 15305

### RECOMMENDATION(S)

To construct a warehouse and storage building, including offices, outdoor storage, vehicle wash rack, vehicle parking, city street improvements, and relocating an existing weather tower at the Henry J. Mills Filtration Plant, it is recommended that your Board:

1. Appropriate \$2,122,000 from the Pay-As-You-Go Fund to finance all costs;
2. Authorize the General Manager to have all work performed including design and construction; and
3. Award a lump-sum contract, in the amount of \$1,552,000, to Hayward Construction Company, Inc.

### EXECUTIVE SUMMARY

In 1992, Metropolitan reorganized its field operations into more specialized branches, increasing the regional maintenance responsibilities and needs of the Henry J. Mills Filtration Plant (Mills plant). The Mills plant is now the hub of operations and maintenance activities for the Riverside Branch, but lacks safe and adequate warehousing facilities. It is recommended that a warehouse be built using an alternative project delivery process. This process involves a nontraditional project delivery system which includes revisions to standard contract documents and completion of 30 percent of the building design by Metropolitan staff before award of a competitively bid contract to complete design and construction of the facility. Staff has completed a prequalified bid process to enter into a single contract for the design and construction of an 11,500-square-foot warehouse which will replace the existing temporary portable storage containers currently used to store valuable supplies and equipment. Approval of these recommendations will authorize the performance of all work including award of a contract. The total estimated cost for the project is \$2,272,000.

## JUSTIFICATION

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The proposed warehouse facility will provide centralized storage and inventory administration for the Riverside Branch and will eliminate the use of more than 20 unsafe and inefficient temporary portable storage containers, consolidate all inventory into one building with proper shelving, provide adequate accessibility, and improve security.

## ALTERNATIVE(S) TO PROPOSED ACTION

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### Do Not Award Contract

Under this option, the use of on-site temporary storage containers to meet the Riverside Branch's storage needs would continue. This storage option is inefficient and has potential safety problems. The Mills plant is currently experiencing losses and damages to stored items due to the poor storage conditions. Additionally, excessive time is spent accessing and retrieving material because of the very confined spaces. This alternative would force Mills' plant personnel to continue operating in an inefficient, unsafe, and uneconomical manner.

### Lease Warehouse Space Offsite

Although this option would satisfy the immediate storage needs of the Riverside Branch, it is not considered an acceptable long-term solution. A survey of commercially available warehouses for lease within the immediate vicinity was performed. The nearest available warehouse, meeting very basic requirements, was located approximately ten miles from the Mills plant. Frequent trips to and from this offsite warehouse would not represent an efficient use of limited resources. In general, the limited availability of tools and materials and increased cost due to operational inefficiencies make this an unattractive option for the long term.

## FUNDING REQUEST

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<b>Program Name:</b> Mills Filtration Plant Warehouse and Storage Facility			
<b>Source of Funds:</b> Pay-As-You-Go Fund			
<b>Appropriation No.:</b> 15305	<b>Board Action No.:</b> 2	<b>FY 97/98 Budget:</b> \$242,300	
<b>Requested Amount:</b>	\$2,122,000	<b>Capital Program No.:</b>	15305-E
<b>Total Appropriated Amount:</b>	\$2,272,000	<b>Capital Program Page No.:</b>	E-63
<b>Total Program Estimate:</b>	\$2,272,000*	<b>Program Category:</b>	Efficiency/ Productivity

\* The current program is estimated to be \$137,000 greater than the \$2,135,000 that was included in the Capital Program for Fiscal Year 1998/99. The increase was caused by the necessity for city street improvements required to reduce safety hazards adjacent to the facility and other minor changes not identified during the preliminary phase of the work.

## ACTIONS AND MILESTONES

- Initial Board Action in August 19,1997
- Award Contract in February 1999
- Start Design in February 1999
- Start Construction in May 1999
- Complete Construction in October 1999

## CEQA COMPLIANCE / ENVIRONMENTAL DOCUMENTATION

On February 12, 1991, the Board certified the Final Environmental Impact Report (FEIR) and approved design and construction of the Henry J. Mills Filtration Plant Expansion No. 2. On August 22, 1992, the Board considered and approved Addendum No. 1 to the FEIR for the administration building. On August 19, 1997, your board considered and approved Addendum No. 2 to the FEIR for the construction of the warehouse and storage building. No other environmental documentation is required for this project.

## CONTRACT SUMMARY

<b>Contract Status:</b>	New	<b>Type of Selection:</b>	Prequalified/Low Bid
<b>Contract Form:</b>	Design & Construction	<b>Firms Receiving RFQ::</b>	101
<b>Contract Type:</b>	Lump Sum	<b>Proposals Submitted:</b>	4
<b>Evaluation Criteria:</b>	Valid licensing, experience of similar projects and previous design-build experience, and lowest bid		

## MBE / WBE

The Minority-Owned Business Enterprises (MBE) and Women-Owned Business Enterprises (WBE) participation goals and actual participation levels are shown below. The Business Outreach Office has reviewed the good-faith effort submitted by Hayward Construction Company, Inc., and has deemed it acceptable in meeting the criteria set forth in the specifications.

	<b>MBE</b>	<b>WBE</b>
<b>Anticipated Levels of Participation</b>	17%	6%
<b>Actual Levels of Participation</b>	12.3%	1.7%

## **DETAILED REPORT**

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In October 1992, Metropolitan reorganized its Operations Division into more efficient, self-supported branches. To that end, approximately 50 personnel were relocated from Lake Mathews to the Mills plant in an effort to consolidate the operations and maintenance of facilities in the newly organized Riverside Branch. In addition to relocating personnel, the entire warehousing and storage function for the branch was also moved to the Mills plant. The Mills plant is now the hub for these activities and is responsible for one treatment plant, five pipelines, four hydroelectric plants, two reservoirs, a portion of the Colorado River Aqueduct, the Perris Pumpback Facility, and other facilities throughout western Riverside and San Bernardino counties.

The existing maintenance facility, which is currently being used for limited storage, was designed and built prior to the reorganization. In addition, the Mills plant Expansion No. 2 Program doubled the existing plant capacity and maintenance responsibilities, leaving the plant with insufficient storage space. The existing system is primarily a group of more than 20 portable storage containers. These containers are undesirable for permanent storage of supplies and other materials due to safety, security, and access issues. Supplies for incident response teams and hazardous material handling also require specialized storage that is not currently available.

In August 1997, \$150,000 was appropriated to fund the study, preliminary design, prequalification of bidders and advertising of contract documents for the proposed warehouse. The proposed warehouse would provide a facility necessary for the Riverside Branch's efficient operation. The facility will include approximately 11,500 square feet of warehouse and office space, 2,500 square feet of outdoor storage adjacent to the warehouse, a vehicle wash rack, and minor site improvements. The total program estimate is \$2,272,000. This is an increase from the estimate of \$2,135,000 that was included in the Capital Program for Fiscal Year 1998/99. The increase includes the relocation of a weather tower currently on the proposed construction site and city street improvements to reduce safety hazards adjacent to the facility.

Staff investigated alternative methods for completing the project and recommends a variation from Metropolitan's standard design, bid, and build method of project delivery. As such, Metropolitan will enter into a single contract for final design and construction of the Mills warehouse facility that would be awarded to the pre-qualified lowest responsible bidder. This has required revisions to our standard contract documents and completion of 30 percent of the building design effort sufficient for bidding purposes.

The Mills Warehouse Project has been identified as a candidate for implementation of an alternative project delivery system because it satisfies the General Manager's Work Plan and the Engineering Division's Management Plan which both encourage the use of alternative project delivery systems and the outsourcing of selected consulting services where appropriate. The modified design / build process is expected to reduce the design and construction schedule.

AT\mg

**Attachment 9-3A**

**Attachment 9-3A**

FINANCIAL STATEMENT  
(Capital Program No. 15305-E)

The total estimated cost breakdown for design and construction of the Mills Filtration Plant - Warehouse and Storage Building Program is as follows:

	<b>BOARD ACTION NO. 1 <u>(August 1997)</u></b>	<b>BOARD ACTION NO. 2 <u>(February 1999)</u></b>
Labor:		
Engineering		
Investigation and Study	\$ 70,000	\$ 25,000
Code Compliance Review	0	15,000
Contract Admin, Inspection, and Construction Support	4,000	88,000
Operations	<u>4,000</u>	<u>10,000</u>
<b>Subtotal Labor</b>	<b>\$ 78,000</b>	<b>\$ 138,000</b>
Professional Technical	\$ 10,000	0
Incidental Expenses	5,000	\$ 5,000
Operating Equipment		4,000
Materials		3,000
Administrative Overhead	43,000	75,000
Design / Construction Contract		1,552,000
Contingency	<u>14,000</u>	<u>495,000</u>
<b>Total</b>	<b>\$ 150,000</b>	<b>\$2,272,000</b>
Projected Expenditure of Funds:		
Through Fiscal Year 1998/99		\$ 60,000
Fiscal Year 1999/00		1,717,000
Contingencies		<u>495,000</u>
<b>Total</b>		<b><u>\$2,272,000</u></b>
Source of Funds: Pay-As-You-Go Fund		
Capital Program for Fiscal Year 1998/99		
Total Program Estimate:		<b>\$2,272,000</b>
Program Estimated for FY 1998/99:		<b>\$2,135,000</b>

Attachment 9-3B

Mills Warehouse & Storage Building

Total Program Estimate: \$2,272,000

