

- **Board of Directors**
Engineering and Operations Committee

January 8, 2002 Board Meeting

8-2

Subject

Authorize \$2.7 million for a Capital Investment Plan project and award a \$2.03 million contract to Steve Bubalo Construction Co. to demolish the service center/warehouse and relocate the reclaimed washwater line at the Jensen filtration plant as part of the Jensen and Mills Oxidation Retrofit Program (Approp. 15173)

Description

The Oxidation Retrofit Program (ORP) at the Joseph Jensen and Henry J. Mills plants consists of retrofitting these plants with an ozonation process that will replace chlorine as the primary disinfectant. Implementation of the ORP will enable Metropolitan to comply with new federal drinking water quality regulations for disinfection by-products.

In January 2000, Metropolitan's Board of Directors adopted a reduced capacity ORP for the Jensen and Mills plants to comply with Stage 1 of the U.S. Environmental Protection Agency's Microbial/Disinfection By-Products (M/DBP) Rule. Such compliance will provide long-term flexibility to meet future water demands in a staged approach, as well as the ability to comply with future water quality regulations, while lowering current program costs.

Approval of this board action will authorize the award of a contract in the amount of \$2.03 million to Steve Bubalo Construction Co., the low bidder for Specifications No. 1350, as amended, for the demolition of the service center/warehouse and installation of the reclaimed washwater line for the Jensen filtration plant ORP. Funding for this project has previously been budgeted under the Jensen and Mills ORP. This program was evaluated and recommended by the Capital Investment Plan (CIP) evaluation team and was included in the fiscal year 2001/02 CIP budget. The ORP work is proceeding on schedule and within budget, and the total estimated cost of the program remains unchanged at \$182.1 million.

The proposed actions will allow Metropolitan to perform essential work in support of the overall construction schedule for the oxidation retrofit facilities at the Jensen plant. These facilities are required to be on-line by June 2005. The service center/warehouse demolition and reclaimed washwater line installation are necessary to clear the Jensen ORP site of interfering structures and to relocate a pipeline necessary for water treatment.

See [Attachment 1](#) for the detailed report, [Attachment 2](#) for the project location, [Attachment 3](#) for the Abstract of Bids, and [Attachment 4](#) for the Financial Statement.

Policy

Metropolitan Water District Administrative Code § 5108: Capital Project Appropriation
Metropolitan Water District Administrative Code § 8113: Construction Contract Award

California Environmental Quality Act (CEQA)

The environmental effects from the demolition of the service center/warehouse and the installation of the reclaimed washwater line for the Jensen filtration plant was evaluated in two mitigated negative declarations: The Joseph Jensen Filtration Plant Expansion and Joseph Jensen Filtration Plant Oxidation Retrofit Program. Both of these documents were prepared to satisfy the CEQA and the State CEQA Guidelines. They were approved by Metropolitan's Board of Directors on March 14, 1989, and August 19, 1994, respectively.

The Board also approved the Mitigation Monitoring and Reporting Programs and the projects on those respective dates. The present board action is solely based on entering into an agreement with the Steve Bubalo Construction Co. to carry out the proposed construction activities and in authorizing funding for the agreement; however, there are no other changes to the previously approved projects themselves. Hence, the previous environmental documentation taken by the Board in conjunction with the proposed action fully complies with CEQA Guidelines. As such, no further CEQA documentation is necessary for the Board to act on the proposed action. The CEQA determination for all board options is: Determine that the proposed action has been previously addressed in the 1989 and 1994 Mitigated Negative Declarations and that no further environmental analysis or documentation is required.

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and

- a. Appropriate \$2.7 million;
- b. Authorize the Chief Executive Officer to have all work performed as described in this letter; and
- c. Award a construction contract in the amount of \$2.03 million for the service center/warehouse demolition and reclaimed washwater line installation.

Fiscal Impact: Expenditure of \$2.7 million of budgeted funds.

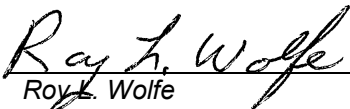

Option #2

Reject all bids for service center/warehouse demolition and reclaimed washwater line installation and rebid the project in an attempt to obtain a more favorable bid. This would delay completion of this project and, potentially jeopardize the regulatory compliance time frame, and would most likely result in increased costs because of the need to compress the construction schedule.

Fiscal Impact: Increased cost.

Staff Recommendation

Option #1

 Roy L. Wolfe Manager, Corporate Resources	12/7/2001 Date
 Ronald R. Gastelum Chief Executive Officer	12/17/2001 Date

Attachment 1 – Detailed Report

Attachment 2 – Project Location

Attachment 3 – Abstract of Bids

Attachment 4 – Financial Statement

Detailed Report

Purpose/Background

Implementation of the Jensen and Mills Oxidation Retrofit Program (ORP) will allow Metropolitan to comply with Stage 1 of the U.S. Environmental Protection Agency Microbial/Disinfection By-Products (M/DBP) Rule. Compliance with the treatment portion of this rule must be attained by June 2005. The ORP consists of retrofitting the Jensen and Mills plants with an ozonation process so that ozone will replace chlorine as the primary disinfectant. The Mills plant ORP construction is underway and the new facilities will be on-line in early 2003. Metropolitan's schedule is to have ozone on-line at the Jensen plant by early 2005.

Construction of Jensen ORP facilities has been staged to include several construction contracts. In June 1995 the Board awarded a Jensen plant site preparation contract in the amount of \$6.6 million for future Jensen ORP facilities. The site preparation contract graded two pads for Jensen ORP and other plant facilities. The site preparation construction activities were completed on March 20, 1997. In April 1999, the Board awarded a Jensen plant Vehicle Maintenance and Service Center/Warehouse Buildings (VM/SC) and a Firewater Pump Station contract in the amount of \$6.3 million. The VM/SC buildings were constructed on the two pads graded in the previous contract. The VM/SC construction activities were completed in April 2001. In November 2001, the Jensen plant personnel moved from the old service center/warehouse to the new VM/SC. The old service center/warehouse has been vacated and should be demolished because it interferes with the proposed Jensen ORP ozonated water conduit and railroad expansion.

The existing reclaimed washwater line is essential to the water treatment process for recycling washwater back to the influent conduit. However, the present location of this underground pipeline interferes with the excavation activity for the proposed Jensen ORP facilities. Consequently, the reclaimed washwater line needs to be relocated to make way for the subsequent construction efforts. This relocation must be made without interrupting water treatment operations at the plant. To accomplish both aims, major portions of the reclaimed washwater line will be installed under the new construction contract, but final connections to the existing plant facilities will be made during the future Jensen ORP construction. At that time, a major shutdown of the Jensen plant will take place to accommodate this tie-in. Steel pipe fabrication and installation of major portions of the pipeline will accelerate the early construction activity of the proposed Jensen ORP.

Project Description

Work under the contract consists of demolition of a 27,000-square-foot service center/warehouse building, removal of underground fuel and waste oil tanks, asbestos- and lead-containing waste, and site pavement/concrete/debris; and 1,076 lineal feet of steel pipe fabrication and installation for the reclaimed washwater line.

Bids Received

Three (3) bids were received and opened under Specifications No. 1350, as amended, for service center/warehouse demolition and reclaimed washwater line installation at the Jensen plant. The bids are shown on the attached Abstract of Bids **Attachment 3**. The low bid from Steve Bubalo Construction Co. in the amount of \$2.03 million complies with the requirements of the specifications, is \$19,055 below the next lowest bid, and is \$630,000 above the Engineer's Estimate.

Evaluation of Engineer's Estimate

Generally, all 3 bidders propose to install the pipeline and subcontract the demolition. Their subcontract bids for demolition aspects of the contract compare well to the Engineer's Estimate. However, the Engineer's Estimate underestimated the fabricated pipeline installation aspects of the contract. The pipeline fabrication and installation was difficult to estimate due to the fact that the reclaimed washwater line consists of four different pipe sizes for process purposes. The reclaimed washwater line also has a significant number of fabricated fittings along its relatively short length. The total program estimate remains unchanged at \$182.1 million.

Steve Bubalo Construction Co. will demolish the service center/warehouse, and will fabricate and install the reclaimed washwater line. Metropolitan's forces will perform construction management, contract administration, and field inspection. A consultant will perform asbestos and lead monitoring.

Current Cost Estimate

Attachment 4 shows a breakdown of the total appropriated amount of \$130.4 million for the Jensen and Mills ORP.

Business Outreach

The specifications, as amended, established the mandatory subcontracting minimum (MSM) and required the bidder to conduct a good-faith effort to encourage participation by qualified firms in an environment free of racial and gender discrimination. The MSM for this project was 11 percent, and 11.12 percent of the work will be subcontracted. The Business Outreach Office has reviewed the good-faith effort submitted by Steve Bubalo Construction Co. and has determined on November 23, 2001, that it meets the criteria set forth in the specifications. The subcontractors are listed on **Attachment 3**.

Milestones

- January 2002 – Board authorization and funding for demolition and pipeline installation
- February 2002 – Notice To Proceed
- September 2002 – Construction contract for demolition and pipe installation complete
- September 2002 – Board authorization for construction of Jensen ORP facilities
- April 2005 – Construction contract of Jensen ORP complete, begin facility start-up activities



PROJECT LOCATION - JENSEN PLANT

The Metropolitan Water District of Southern California

**Abstract of Bids Received November 13, 2001, at 2:00 p.m.
Specifications No. 1350**

**Service Center Demolition and Reclaimed Washwater Line Installation
for the Joseph Jensen Filtration Plant Oxidation Retrofit Project**

The contract consists of performing all necessary work to demolish the service center/warehouse; remove underground fuel and waste oil tanks, asbestos- and lead-containing waste, pavement, structures, and debris; fabricate and install steel pipe at the Joseph Jensen Filtration Plant in preparation for the Oxidation Retrofit Program.

Engineer's Estimate: \$ 1,400,000

Bidder and Location	Total	Sub \$	Sub %	Met MSM*
Steve Bubalo Construction Co. – Monrovia, CA	\$2,030,000	\$225,736	11.12%	Yes
Mike Prilich & Sons Inc.- South El Monte, CA	\$2,049,055	\$254,100	12.4%	Yes
Colich Construction L.P. – Torrance, CA	\$2,799,000	\$424,000	15.15%	Yes

* Mandatory Subcontracting Minimum, set at 11%

FINANCIAL STATEMENT

A breakdown of the cumulative estimated costs through Board Action No. 8 for Appropriation No. 15173 to finance the Jensen and Mills Oxidation Retrofit Program is as follows:

	Board Action No. 7 Nov. 2000	Board Action No. 8 Jan. 2002
Contract-Specifications No. 1321 (Jensen ORP Site Preparation)	\$ 6,584,700	\$ 6,584,700
Extra Work-Specifications No. 1321	219,634	219,634
Equipment-Specifications No. 1346A	18,638,500	18,638,500
Contract-Specifications No.1352A (Jensen Vehicle Maintenance and Service Center)	6,381,000	6,381,000
Extra Work-Specifications No. 1352A	13,480	13,480
Contract- Specifications No. 1367B (Mills ORP)	28,947,000	28,947,000
Contract- Specifications No. 1350 (Jensen Service Center Demolitions and Reclaimed Washwater Line Installation)	0	2,030,000
Subtotal Contracts	\$ 60,784,314	\$ 62,814,314
Labor		
Research/Preliminary Design	11,886,000	11,886,000
Final Design/Specifications Preparation	20,105,000	20,105,000
Construction Inspection and Support	10,115,000	10,322,000
Control System Programming	370,000	370,000
Owner Services (Contract Admin., Operations/Start-up, Environmental, Permitting, Project Mgmt./Coordination)	3,620,000	3,800,000
Subtotal Labor	\$ 46,096,000	\$ 46,483,000
Material and Supplies	834,500	844,500
Incidental Expenses	900,000	902,000
Professional/Technical Services:	12,180,000	12,200,000
Office Space	2,300,000	2,300,000
Operating Equipment	300,000	305,000
Remaining Budget	7,025,186	7,271,186
Total	\$ 130,420,000	\$ 133,120,000

FUNDING REQUEST

Program Name:	Jensen and Mills filtration plants – Oxidation Retrofit Program		
Source of Funds:	Construction Funds (possibly General Obligation, Revenue Bonds, Pay-As-You-Go Fund)		
Appropriation No.:	15173	Board Action No.:	8
Requested Amount:	\$ 2,700,000	Capital Program No.:	15173-W
Total Appropriated Amount:	\$133,120,000	Capital Program Page No.:	E-24
Total Program Estimate:	\$182,120,000	Project Goal:	W- Water Quality