

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

February 11, 2003 Board Meeting

8-3

Subject

Authorize funding in the amount of \$1,935,000 and award a construction contract to Western Pump, Inc., for the Underground Storage Tank Upgrades and Dispenser Spill Containment Project - Riverside Region (Approp. 15386)

Description

Metropolitan currently owns and operates 70 underground storage tanks that are located throughout the distribution system. These tanks are used to store gasoline, diesel fuel, waste oil, and chemical waste at Metropolitan's treatment plants, power plants, desert facilities, pressure control structures, reservoirs and operation centers. All of Metropolitan's USTs were designed, constructed, and installed in accordance with the applicable codes and regulations at the time of installation. Recently adopted state and local regulatory changes require Metropolitan to upgrade the secondary containment systems and install under-dispenser containment for the majority of the existing 70 USTs. Metropolitan will complete this work under the Distribution System Dispenser Spill Containment and Remediation Program (Appropriation 15386) within the regulatory compliance date of December 31, 2003. See [Attachment 1](#) for the Detailed Report. This program was evaluated and recommended by the Capital Investment Plan Evaluation Team and the funds are included in the fiscal year 2002/03 Capital Budget. See [Attachment 2](#) for the Financial Statement, and [Attachment 3](#) for the Abstract of Bids.

To facilitate overall program management and to provide increased opportunities for Small Business Enterprise participation, the UST work has been separated into four regions: (1) Riverside Region, (2) Desert Region, (3) Orange County/La Verne Region, and (4) Los Angeles Region.

Approval of the recommended action will appropriate funds, award the construction contract, and provide construction management/support services for the UST upgrade and dispenser spill containment work in the Riverside Region. The eight facilities to be addressed in the Riverside Region construction contract are the Etiwanda Reservoir, Corona Power Plant, Temescal Power Plant, Lake Mathews Reservoir, Lake Perris Pressure Control Structure, Lakeview Pressure Control Structure, Mills filtration plant, and Skinner filtration plant. It is anticipated that construction for the Riverside Region will begin in March 2003 and will be completed before the regulatory compliance date of December 31, 2003.

This action will also authorize funding for a competitively selected consultant (Montgomery Watson Americas, Inc.) to perform final design for the remaining three regions. Metropolitan staff has completed the investigations and preliminary design to support this final design effort. It is anticipated that staff will return to the Board in May 2003 for award of construction contracts for the three remaining regions. Construction for the remaining three regions is planned to begin in July 2003 and be completed before the regulatory compliance date of December 31, 2003.

Policy

Metropolitan Water District Administrative Code § 8113: Award of contract required to be made by competitive bidding

Metropolitan Water District Administrative Code § 5108: Capital Projects Appropriation

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

To comply with CEQA, Metropolitan as the Lead Agency determined that the Distribution System Spill Containment and Remediation Program (Program) was categorically exempt (i.e., Class 1, Section 15301 and Class 30, Section 15330 of the State CEQA Guidelines) and approved the Program on February 12, 2002. The current board action involves the awarding of a construction contract and funding for staff to perform construction support and inspection activities with no major modifications to the original approved Program. Hence, the previously adopted exemptions comply with CEQA and the State CEQA Guidelines with respect to the proposed actions. As such, no further environmental documentation is necessary for the Board to act on with respect to the proposed actions.

The CEQA determination is: Determine that the proposed actions have been previously addressed in the 2002 categorical exemptions and that no further environmental analysis or documentation is required.

CEQA determination for Option #2:

None required

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and

- a. Appropriate \$1,935,000 in budgeted CIP funds; and
- b. Award a construction contract in the amount of \$1,064,828 to Western Pump, Inc., to perform all work detailed in Specifications No. 1460 for Riverside Region UST Upgrades.

Fiscal Impact: \$1,935,000 of budgeted CIP funds under Approp. 15386

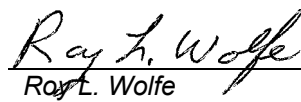
Option #2

Reject all bids for construction of the Underground Storage Tank Upgrades and Dispenser Spill Containment Project – Riverside Region and rebid the project in an attempt to obtain a more favorable bid.

Fiscal Impact: Rebidding the construction package would have an unknown impact on project costs and may jeopardize Metropolitan's ability to meet UST compliance deadlines.

Staff Recommendation

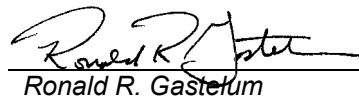
Option #1



Roy L. Wolfe
Manager, Corporate Resources

1/10/2003

Date



Ronald R. Gastelum
Chief Executive Officer

1/20/2003

Date

Attachment 1 – Detailed Report

Attachment 2 – Financial Statement for Distribution System Dispenser Spill Containment and Remediation Program

Attachment 3 – Abstract of Bids

BLA #1693

Detailed Report

Purpose/Background

Metropolitan currently owns and operates 70 underground storage tanks that are located throughout the conveyance and distribution system. These tanks are used to store gasoline, diesel fuel, waste oil, and chemical waste at Metropolitan's treatment plants, power plants, desert facilities, and other locations. Thirty-two of the USTs used for gasoline or diesel also have fuel dispensers. The UST sizes range from 500 to 15,000 gallons. With one exception, all existing USTs are double-walled steel tanks equipped with cathodic protection, containment sumps, and leak detection monitoring systems. Most of the existing USTs were installed between 1989 and 1991 to replace older USTs to comply with regulatory requirements at that time. The remaining USTs were subsequently installed as part of local facility upgrades. All USTs and fuel dispensers were designed, constructed, and installed in accordance with the applicable codes and regulations at the time of installation.

An amendment to California's UST regulations was enacted in May 2001 that requires under-dispenser containment to be installed at all fueling facilities by December 31, 2003. Under-dispenser containment consists of a sump to collect fuel leaks from the dispenser and a leak detection system to automatically shut off the dispenser in the event that a leak is detected. Also, recent state and local regulatory changes have been adopted that require additional testing of the USTs and fuel dispensing systems (including containment sumps, piping and the interstitial space between the primary and secondary containment tank) over the next four years. In addition, the California Air Resources Board now requires that all gasoline USTs be equipped with a dual-point vapor recovery system equipped with rotatable fittings by April 1, 2005. Installations that fail to pass the containment tests or are otherwise not in compliance with the new regulations are subject to closure. All of these new rules and regulations apply to Metropolitan's existing USTs.

Additionally, a recent inspection conducted by the county of Riverside Health Services Agency at the Skinner plant identified several UST installations that need repairs to the secondary containment systems. The RHS instructed Metropolitan to make the necessary repairs as soon as possible.

Underground Storage Tank Evaluation Team

The advent of these regulatory changes prompted the creation of Metropolitan's UST Evaluation Team. The purpose of the Team was to survey and evaluate all of Metropolitan's existing USTs based on current and potential future regulatory requirements. The results of the survey showed that some of the UST secondary containment systems installed prior to 1991 have experienced intrusion of rainwater, while others have experienced observable deterioration, indicating the need for repairs/upgrades. In addition, the Team conducted a benefit/cost analysis to determine if it would be more cost effective to replace the USTs with above-ground storage tanks, perform the necessary upgrades and repairs on the existing USTs, or remove specific USTs from service entirely. The report, completed in May 2001, recommended that Metropolitan proceed with a variety of approaches at the various sites under a comprehensive fuel dispenser and containment program.

Project Description and Implementation

The scope of this program as recommended by the Team includes: (1) replacing containment sumps and lids, product piping, and spill buckets at 19 emergency generator and waste oil UST installations; (2) replacing containment sumps and lids, product piping, and spill buckets and install under-dispenser containment and dual point vapor recovery with rotatable fittings at 32 UST/fuel dispenser installations; (3) replacing 11 emergency generator USTs and five waste oil USTs with above-ground storage tanks (ASTs), replacing one temporary emergency generator AST with a permanent AST; (4) installing new leak detection and monitoring systems that will be integrated with Metropolitan's Supervisory Control and Data Acquisition control system; (5) removing five USTs from service; and (6) remediating contaminated soils, if necessary.

In February 2002, the Board appropriated \$660,000 and authorized the Chief Executive Officer to have the following work performed for the Distribution System Dispenser Spill Containment and Remediation Program:

1. Perform all design work and award a competitively bid contract for the UST repairs and upgrades at the Skinner plant.
2. Perform all work in advance of award of competitively bid contracts for the remaining UST repairs and upgrades at four regions within Metropolitan's system.

The construction contract for the Skinner plant was completed in January 2003. To facilitate overall program management and to provide increased opportunities for Small Business Enterprise (SBE) participation, the remaining UST work has been separated into four regions: (1) Riverside Region, (2) Desert Region, (3) Orange County/ La Verne Region, and (4) Los Angeles Region. It is anticipated that four separate construction contracts will be awarded to complete this work.

Staff has completed all work in advance of awarding a competitively bid contract for the Riverside Region. Staff has completed preliminary design for the remaining three regions. Metropolitan staff will now seek permit approvals for the UST upgrade work from the local regulatory agencies. Concurrently, final design will be conducted by a consultant for the remaining three regions. Approval of the recommended action will appropriate additional funds and award a construction contract for the UST upgrade and dispenser spill containment work in the Riverside Region. Metropolitan forces will conduct overall program and construction management. For this Program, final design as a percentage of the estimated eventual construction cost is approximately ten percent.

Staff will return to the Board in May 2003 for the award of three additional construction contracts for the three remaining regions.

Bid Results and Business Outreach

As shown in Attachment 3, a total of four bids were received and opened under Specifications No. 1460 for upgrading the USTs and providing dispenser spill containment for the Riverside Region. The low bid from Western Pump, Inc., in the amount of \$1,064,828, complies with the requirements of the specifications and is \$29,422 less than the second low bid. The engineer's estimate was \$1,055,875. For this project, Metropolitan requires SBE participation of at least 26 percent of the total construction bid. Western Pump, Inc., is an SBE firm, thereby achieving 100 percent participation for the project.

Actions and Milestones

February 2003 – Board award of construction contract for Riverside Region

May 2003 – Board award of construction contracts for three remaining regions

November 2003 – Completion of construction for Riverside Region

December 2003 – Completion of construction for three remaining regions

Financial Statement for Distribution System Dispenser Spill Containment and Remediation Program

A breakdown of Board Action No. 2 for Approp. No. 15386 for authorizing award of a construction contract and funds for construction support and inspection activities described in this board action is as follows:

	Initial Board Action No. 1 (Feb. 2002)	Current Board Action No. 2 (Feb. 2003)	New Total Appropriated Amount
Labor			
Studies and Investigations	\$ 60,000 *	\$ 0	\$ 60,000
Design and Specifications	100,000 **	0	100,000
Owner Costs (Program Management, Control System Integration, Bidding Process)	80,000	100,000	180,000
Construction Inspection and Support	50,000	200,000	250,000
Metropolitan Force Installation and Construction	0	25,000	25,000
Materials and Supplies	0	45,000	45,000
Incidental Expenses	15,000	20,000	35,000
Professional/Technical Services	0	220,000 **	220,000
Equipment Use	0	15,000	15,000
Contracts	300,000	1,064,828	1,364,828
Remaining Budget	55,000	245,172	300,172
Total	\$ 660,000	\$ 1,935,000	\$2,595,000

Funding Request

Program Name:	Distribution System Dispenser Spill Containment and Remediation Program		
Source of Funds:	Construction Funds (General Obligation, Revenue Bonds, Pay-As-You-Go Fund)		
Appropriation No.:	15386	Board Action No.:	2
Requested Amount:	\$ 1,935,000	Capital Program No.:	15386-R
Total Appropriated Amount:	\$ 2,595,000	Capital Program Page No.:	E-33
Total Program Estimate:	\$ 3,022,000***	Program Goal:	R – Regulatory

* Financial Statement revised to reflect distribution of funds to accommodate need for investigative studies in remaining three regions following the initial board action.

** Metropolitan staff conducted final design for one region. Professional/Technical Services will be used for final design for remaining three regions.

***Total Program Estimate will be revised during FY2003/04 CIP review process.

The Metropolitan Water District of Southern California

Abstract of Bids Received January 7, 2003, at 2:00 P.M.

Specifications No. 1460

Underground Storage Tank Upgrades and Dispenser Spill Containment – Riverside Region

The contract consists of performing all necessary work to provide tank upgrade packages on ten existing underground storage tanks; removing two waste oil and six diesel USTs; furnishing and installing two new aboveground storage tanks for waste oil, four 55-gallon drums; furnishing and installing three new 500-gallon ASTs for diesel, including canopies; removing and replacing four unleaded and one diesel fuel dispensers; furnishing and installing three new 2,000-gallon diesel USTs; and furnishing and installing leak detection monitoring systems. Work includes all necessary sitework and other appurtenant work.

Engineer's Estimate: \$ 1,055,875

Bidder and Location	Total	SBE \$	SBE %	Met SBR*
Western Pump, Inc. San Diego, CA	\$1,064,828	\$1,064,828	100%	Yes
Geo-Cal, Inc. San Bernardino, CA	\$1,094,250	N/A	N/A	N/A
Fleming Environmental, Inc. Buena Park, CA	\$1,157,750	N/A	N/A	N/A
Weston Solutions, Inc. Sherman Oaks, CA	\$2,030,124	N/A	N/A	N/A

* SBE (Small Business Enterprise) Participation set at 26%
N/A – Not applicable