

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

March 11, 2003 Board Meeting

9-3

Subject

Appropriate \$3.095 million in funds and award a \$2.65 million construction contract to AA-1 Services, Inc., for the Sepulveda Canyon Tanks exterior and interior recoating, as part of the Distribution System Rehabilitation Program (Approp. 15377)

Description

In October 2001, Metropolitan's Board authorized the Distribution System Rehabilitation Program (Approp. 15377). The program's objective is to evaluate risks and vulnerabilities of Metropolitan's distribution system and to identify cost-effective options to address those risks through rehabilitation, repair, or replacement. Seventeen projects have been identified under the program.

One of those projects involves two large tanks at the Sepulveda Canyon Control Facility, located on Sepulveda Boulevard in the city of Los Angeles, about one-half mile north of the Getty Center. The tanks equalize flows to downstream users along the Sepulveda Feeder. The two tanks are 230 feet and 145 feet in diameter and were constructed of welded steel in 1970. Both tanks have been recoated once since the original coatings were applied. As part of Metropolitan's regularly scheduled tank inspection program, the interior of the tanks were inspected in 1998, and it was determined that the tanks required relining and minor structural steel repair.

In September 2002, the Board authorized final design of the Sepulveda Canyon Control Facility Tank Recoating Project. The project was advertised for bid on Dec. 5, 2002. Five bids were received and opened on January 9, 2003. The low bid was withdrawn by the contractor after substantial clerical errors were found in the bid. The second low bid was determined to be non-responsive for non-compliance with the bidder's bond requirement. The third low bid from AA-1 Services, Inc., of Paramount, California, in the amount \$2,654,400, complies with the requirements of the specifications and was determined to be the lowest responsive bid. The engineer's estimate was \$2.858 million. For this project, Metropolitan requires Small Business Enterprise participation of at least 20 percent of the total construction bid. AA-1 Services, Inc., has met the SBE participation requirement.

The subject action awards a construction contract to repair and recoat the tanks and appropriates \$3.095 million for the construction contract, construction management and inspection. This project was evaluated and recommended by Metropolitan's Capital Investment Plan Evaluation Team and is included in the fiscal year 2002/03 CIP budget. See [Attachment 1](#) for the detailed report, [Attachment 2](#) for the abstract of bids and [Attachment 3](#) for the financial statement.

Policy

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

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

To comply with CEQA, Metropolitan as the Lead Agency determined that seven CIP projects as part of the Distribution System Rehabilitation Program, including the Sepulveda Canyon Control Facility Tank Recoating Project (Project), were categorically exempt (i.e., Class 1, Section 15301 of the State CEQA Guidelines), and

approved those projects on September 10, 2002. The current board action involves the funding and awarding of a construction contract with no major modifications to the originally approved Project. Hence, the previously adopted exemption complies 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 exemption 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 \$3.095 million in budgeted CIP funds; and
- b. Award a competitively bid contract in the amount of \$2,654,400 to AA-1 Services, Inc., for recoating of the interior and exterior of the Sepulveda Canyon water storage tanks.

Fiscal Impact: \$3.095 million in budgeted CIP funds

Option #2

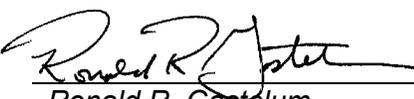
Reject all bids and re-advertise in order to get a more favorable bid. This would delay completion of the project, increase administrative costs, and may or may not result in a lower bid.

Fiscal Impact: Increased cost

Staff Recommendation

Option #1

	2/5/2003
_____ Roy L. Wolfe Manager, Corporate Resources	Date

	2/16/2003
_____ Ronald R. Gastelum Chief Executive Officer	Date

Attachment 1 – Detailed Report

Attachment 2 – Abstract of Bids

Attachment 3 – Financial Statement for Distribution System Rehabilitation Program

Detailed Report

Sepulveda Canyon Tanks Exterior and Interior Recoating

Program Background. In October 2001, Metropolitan's Board authorized initiation of the Distribution System Rehabilitation Program (Approp. 15377). The program's objective is to evaluate risks and vulnerabilities of Metropolitan's distribution system and to identify cost-effective options to address those risks through rehabilitation, repair, or replacement. Seventeen projects have been identified under the program.

Project Background. The Sepulveda Canyon Control Facility's water storage tanks are subject to fog, direct sunlight, wind-blown dust, and condensed moisture due to temperature differences. All of these factors have impacted the coatings of the tanks. As part of Metropolitan's regularly scheduled tank inspection program, the tanks were inspected in 1998. It was found that the interior lining was blistered and the exterior coating was weathered and chalky. In the blistered areas, corrosion has accelerated to the point where minor repairs involving patching and welding of the roof trusses will be required. Recoating and repair of the tanks at this time will ensure that the corrosion does not jeopardize the integrity of the tanks and that the useful life of the facility will be extended.

Project Description. Based on findings from the inspection of these two tanks, the following work was identified and included in the construction scope:

- Abrasively blast and recoat the tanks' wall surfaces, ceiling, trusses, and floor
- Repair the tanks' roof trusses
- Caulk the area between tank roof plates and roof supports and between the concrete footing and the tank shell.

Responsive Low Bidder. Specifications No. 1415, Sepulveda Tanks Exterior and Interior Coating, was advertised on December 5, 2002. Five bids were opened on January 7, 2003. The low bid was withdrawn by the contractor after clerical errors were found in the bid. The second low bid was determined to be non-responsive due to non-compliance with the bidder's bond requirement. The third low bid from AA-1 Services, Inc., of Paramount, California, in the amount \$2,654,400, complies with the requirements of the specifications and was determined to be the lowest responsive bid. This bid was \$206,350 less than the next low bid. The engineer's estimate was \$2.858 million. For this project, Metropolitan requires Small Business Enterprise participation of at least 20 percent of the total construction bid. AA-1 Services, Inc., has met the Small Business Enterprise participation requirement.

Project Milestones

- March 2003 – Award contract, issue Notice of Award
- April 2003 – Issue Notice to Proceed
- May 2003 – Begin construction
- March 2004 – Project complete

The Metropolitan Water District of Southern California

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

Specifications No. 1415

Sepulveda Canyon Tanks Exterior and Interior Recoating

The project consists of removal of exterior and interior coating; removal of sealant along the base of two existing water tanks; applying new sealant and recoating the exterior and interior of the tanks and appurtenances; replacing roof vent screens at the top of the tanks; recoating the extension of the feeder's air vents, and performing other appurtenant work at the Sepulveda Canyon Control Facility as specified.

Engineer's Estimate: \$ 2,857,500

Bidder and Location	Total	SBE % Participation	Met SBR (20% Minimum)
1. ABHE & Svoboda, Inc., Prior Lake, MN *	\$ 1,756,200		N/A
2. A N J Construction, Sacramento, CA **	\$ 2,623,000		N/A
3. AA-1 Services, Inc., Paramount, CA	\$ 2,654,400	100%	Yes
4. Arena Painting Contractors, Inc., Redondo Beach, CA **	\$ 2,860,750		N/A
5. Robison-Prezioso, Inc., Santa Fe Springs, CA	\$ 3,138,500		N/A

N/A – Not applicable
 * Bid withdrawn
 ** Non-responsive

Financial Statement for Distribution System Rehabilitation Program

A breakdown of Board Action No. 4 for Approp. 15377 for recoating of the Sepulveda Canyon tanks, part of the Distribution System Rehabilitation Program, is as follows:

	Previous Board Action No. 3 (Sept. 2002)	Current Board Action No. 4 (Mar. 2003)	New Total Appropriated Amount
Labor			
Studies and Investigations	484,000	0	484,000
Design and Specifications	1,276,500	0	1,276,500
Owner Costs (Program Management)	1,329,500	41,000	1,370,500
Construction Management and Inspection	0	238,300	238,300
Water System Operations	4,407,000	0	4,407,000
Materials and Supplies	1,733,000	0	1,733,000
Incidental Expenses	701,000	1,000	702,000
Professional/Technical Services	402,000	0	402,000
Equipment Use	517,000	0	517,000
Contracts	633,000	2,654,400	3,287,400
Remaining Budget	1,500,000	160,000	1,660,000
Total	\$12,983,000	\$ 3,094,700	\$ 16,077,700

Funding Request

Program Name:	Distribution System Rehabilitation Program		
Source of Funds:	Construction Funds (Possibly General Obligation, Revenue Bonds, or Pay-As-You-Go Fund)		
Appropriation No.:	15377	Board Action No.:	4
Requested Amount	\$ 3,094,700	Capital Program No.:	15377-I
Total Appropriated Amount:	\$ 16,077,700	Capital Program Page No.:	E-35
Total Program Estimate:	\$ 21,127,000	Program Goal:	R-Reliability