

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

May 13, 2003 Board Meeting

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**8-11**

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### **Subject**

Appropriate \$3.950 million and award three construction contracts in the amounts of \$527,461 to Western Pump, Inc.; \$875,058 to Western Pump, Inc.; and \$1.255 million to Fleming Environmental, Inc.; for the Underground Storage Tank Upgrades and Dispenser Spill Containment Project for the Desert Region, Orange County/La Verne Region, and Los Angeles Region, respectively (Approp. 15386)

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### **Description**

Metropolitan currently owns and operates 70 underground storage tanks (USTs) 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. 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. The Board awarded the construction contract for the Riverside Region in February 2003.

Approval of the recommended action will appropriate funds, award three construction contracts, and provide construction management/support services for the UST upgrade and dispenser spill containment work in the remaining three regions (Desert, Orange County/La Verne, and Los Angeles). It is anticipated that construction for these three regions will begin in July 2003 and will be completed before the regulatory compliance date of December 31, 2003. Metropolitan will complete this work under the Distribution System Dispenser Spill Containment and Remediation Program (Appropriation 15386). See [Attachment 1](#) for the Detailed Report. This program was evaluated and recommended by the Capital Investment Plan Evaluation Team.

The total requested funding for the current action is \$3.950 million. Of this amount, \$427,000 is included in the fiscal year 2002/03 CIP budget. The remaining \$3.523 million is proposed for the fiscal year 2003/04 budget when the majority of the requested funding will be expended. Staff is requesting non-budgeted funds now so that the construction contracts can be awarded earlier to provide additional construction time to ensure that the program will be completed before the regulatory compliance deadline of December 31, 2003. Upon approval of these recommendations, the fiscal year 2002/03 CIP expenditure plan will be adjusted. See [Attachment 2](#) for the Financial Statement, [Attachment 3](#) for the Abstract of Bids for Specifications No. 1461, [Attachment 4](#) for the Abstract of Bids for Specifications No. 1462, and [Attachment 5](#) for the Abstract of Bids for Specifications No. 1463.

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### **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)

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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

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### Option #1

Adopt the CEQA determination and

- a. Appropriate \$3.950 million in budgeted and non-budgeted CIP funds;
- b. Award a construction contract in the amount of \$527,461 to Western Pump, Inc., to perform all work detailed in Specifications No. 1461 for the Desert Region UST Upgrades;
- c. Award a construction contract in the amount of \$875,058 to Western Pump, Inc., to perform all work detailed in Specifications No. 1462 for the Orange County/La Verne Region UST Upgrades; and
- d. Award a construction contract in the amount of \$1.255 million to Fleming Environmental, Inc., to perform all work detailed in Specifications No. 1463 for the Los Angeles Region UST Upgrades.

**Fiscal Impact:** \$427,000 of budgeted CIP funds and \$3.523 million of non-budgeted CIP funds under Approp. 15386.

### Option #2

Reject all bids for construction of the Underground Storage Tank Upgrades and Dispenser Spill Containment Project – Desert Region, Orange County/La Verne Region, and Los Angeles Region and rebid the projects in an attempt to obtain more favorable bids within the 2003/04 fiscal year.

**Fiscal Impact:** Rebidding the construction packages for award in fiscal year 2003/04 would ensure the use of budgeted CIP funds; however, this approach would have an unknown impact on project costs and would jeopardize Metropolitan's ability to meet UST compliance deadlines.

**Staff Recommendation**

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Option #1

 Roy L. Wolfe Manager, Corporate Resources	4/25/2003 Date
 Ronald R. Gastelum Chief Executive Officer	4/28/2003 Date

**Attachment 1 – Detailed Report**

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

**Attachment 3 – Abstract of Bids for Specifications No. 1461**

**Attachment 4 – Abstract of Bids for Specifications No. 1462**

**Attachment 5 – Abstract of Bids for Specifications No. 1463**

BLA #1923

## **Detailed Report**

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### ***Purpose/Background***

Metropolitan currently owns and operates 70 underground storage tanks (USTs) 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.

### ***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 aboveground 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 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 installing 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. Four separate construction contracts will be awarded to complete this work.

In February 2003, the Board appropriated \$1.935 million and awarded a construction contract to Western Pump, Inc., to complete the Riverside Region UST Upgrades. It is anticipated that work under the Riverside Region construction contract will be completed before the end of November 2003.

Metropolitan staff and the design consultant, Montgomery Watson Harza, have completed all work in advance of awarding competitively bid contracts for the Desert Region, Orange County/La Verne Region, and Los Angeles Region. Metropolitan staff is seeking permit approvals for the UST upgrade work from the local regulatory agencies.

The four facilities to be addressed in the Desert Region construction contract are the Julian Hinds Pumping Plant, Eagle Mountain Pumping Plant, Iron Mountain Pumping Plant, and Gene Pumping Plant. The six facilities to be addressed in the Orange County/La Verne Region construction contract are the Coyote Creek Power Plant, Valley View Power Plant, Robert B. Diemer Filtration Plant, Orange County Reservoir, F. E. Weymouth Filtration Plant, and Live Oak Reservoir. The ten facilities to be addressed in the Los Angeles Region construction contract are the Sepulveda Canyon Power Plant, Venice Power Plant, Rio Hondo Power Plant, Palos Verdes Reservoir, Garvey Reservoir, Soto Street Facility, Eagle Rock Control Center, Metropolitan's headquarters at Union Station, Sunset Garage, and Joseph Jensen Filtration Plant.

Approval of the recommended action will appropriate additional funds and award construction contracts for the UST upgrade and dispenser spill containment work in the three remaining regions. Metropolitan forces will conduct overall program and construction management.

#### ***Cost Estimate***

The total program estimate has been revised to account for unanticipated costs that have now been identified based on experience with the Skinner and Riverside Region construction contracts. The total requested funding for the current action is \$3.950 million. Of this amount, \$427,000 is included in the fiscal year 2002/03 CIP budget. The remaining \$3.523 million is proposed for the fiscal year 2003/04 budget when the majority of the requested funding will be expended. Staff is requesting non-budgeted funds now so that the construction contracts can be awarded earlier to provide additional construction time to ensure that the program will be completed before the regulatory compliance deadline of December 31, 2003.

Construction inspection and support for this program will be performed by Metropolitan staff. The construction management as a percentage of the total construction cost is approximately 14 percent. This program requires significant construction management because the work sites are spread over a wide geographical area where work will be underway simultaneously.

***Bid Results and Business Outreach***

As shown in Attachment 3, a total of four bids were received and opened under Specifications No. 1461 for upgrading the USTs and providing dispenser spill containment for the Desert Region. The low bid from Western Pump, Inc., in the amount of \$527,461, complies with the requirements of the specifications and is \$160,194 less than the second low bid. The engineer's estimate was \$650,200. For this project, Metropolitan requires SBE participation of at least 25 percent of the total construction bid. Western Pump, Inc., is an SBE firm, thereby achieving 100 percent participation for the project.

As shown in Attachment 4, a total of three bids were received and opened under Specifications No. 1462 for upgrading the USTs and providing dispenser spill containment for the Orange County/La Verne Region. The low bid from Western Pump, Inc., in the amount of \$875,058, complies with the requirements of the specifications and is \$41,452 less than the second low bid. The engineer's estimate was \$948,750. For this project, Metropolitan requires SBE participation of at least 25 percent of the total construction bid. Western Pump, Inc., is an SBE firm, thereby achieving 100 percent participation for the project.

As shown in Attachment 5, a total of two bids were received and opened under Specifications No. 1463 for upgrading the USTs and providing dispenser spill containment for the Los Angeles Region. The low bid was withdrawn by the contractor after clerical errors were found in the bid. The second low bid from Fleming Environmental, Inc., in the amount of ~~\$1.251~~ 1.255 million, complies with the requirements of the specifications and was determined to be responsive. The engineer's estimate was \$1.312 million. For this project, Metropolitan requires SBE participation of at least 25 percent of the total construction bid. Fleming Environmental, Inc., is an SBE firm, thereby achieving 100 percent participation for the project.

***Actions and Milestones***

June 2003 – Issue Notice to Proceed to contractors

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. 3 for Approp. No. 15386 for all costs for the UST upgrades and dispenser spill containment project is as follows:

	<b>Previous Board Action No. 2 <u>(Feb. 2003)</u></b>	<b>Current Board Action No. 3 <u>(May 2003)</u></b>	<b>New Total Appropriated <u>Amount</u></b>
Labor			
Studies and Investigations	\$ 60,000	\$ 0	\$ 60,000
Design and Specifications	100,000	0	100,000
Owner Costs (Program Management and Control System Integration)	180,000	200,000	380,000
Construction Inspection and Support	250,000	375,000	625,000
Metropolitan Force Installation and Construction	25,000	75,000	100,000
Materials and Supplies	45,000	60,000	105,000
Incidental Expenses	35,000	30,000	65,000
Professional/Technical Services	220,000	0	220,000
Equipment Use	15,000	25,000	40,000
Contracts	1,364,828	2,656,974	4,021,802
Remaining Budget	300,172	528,026	828,198
<b>Total</b>	<b>\$ 2,595,000</b>	<b>\$ 3,950,000</b>	<b>\$ 6,545,000</b>

**Funding Request**

<b>Program Name:</b>	Distribution System Dispenser Spill Containment and Remediation Program		
<b>Source of Funds:</b>	Construction Funds (General Obligation, Revenue Bonds, Pay-As-You-Go Fund)		
<b>Appropriation No.:</b>	15386	<b>Board Action No.:</b>	3
<b>Requested Amount:</b>	\$ 3,950,000	<b>Capital Program No.:</b>	15386-R
<b>Total Appropriated Amount:</b>	\$ 6,545,000	<b>Capital Program Page No.:</b>	E-33
<b>Total Program Estimate*:</b>	\$ 6,545,000	<b>Program Goal:</b>	R – Regulatory

\* Total Program Estimate has been revised and will be reflected in the fiscal year 2003/04 Capital Budget

**The Metropolitan Water District of Southern California**

**Abstract of Bids Received April 15, 2003, at 2:00 P.M.**

**Specifications No. 1461**

**Underground Storage Tank Upgrades and Dispenser Spill Containment**

**Desert Region**

The work consists of providing tank upgrade packages on five existing underground storage tanks; removing and replacing six unleaded and two diesel fuel dispensers, and installing one new unleaded fuel dispenser; and furnishing and installing leak detection monitoring systems. The work includes all necessary site work and other appurtenant work, as detailed in Specifications No. 1461. The work encompasses several sites located in Riverside and San Bernardino Counties.

**Engineer's Estimate: \$ 650,200**

<b>Bidder and Location</b>	<b>Total</b>	<b>SBE \$</b>	<b>SBE %</b>	<b>Met SBR*</b>
Western Pump, Inc. San Diego, CA	\$ 527,461	\$ 527,461	100%	Yes
GeoCal, Inc. San Bernardino, CA	\$ 687,655	N/A	N/A	N/A
Fleming Environmental, Inc. Buena Park, CA	\$ 756,125	N/A	N/A	N/A
MJK Construction, Inc. Paramount, CA	\$ 905,548	N/A	N/A	N/A

\* SBE (Small Business Enterprise) Participation set at 25 percent  
N/A – Not applicable

**The Metropolitan Water District of Southern California**

**Abstract of Bids Received April 16, 2003, at 2:00 P.M.**

**Specifications No. 1462**

**Underground Storage Tank Upgrades and Dispenser Spill Containment**

**Orange County/La Verne Region**

The work consists of providing tank upgrade packages on seven existing underground storage tanks (USTs); removing one waste oil and five diesel USTs; furnishing and installing one new aboveground storage tank (AST) for waste oil, two 55-gallon drums, including containment shed; furnishing and installing three new 500-gallon ASTs for diesel, including canopies, removing and replacing three unleaded and two diesel fuel dispensers; and furnishing and installing leak detection monitoring systems. The work includes all necessary site work and other appurtenant work, as detailed in Specifications No. 1462. The work encompasses several sites located in Orange and Los Angeles Counties.

**Engineer's Estimate: \$ 948,750**

<b>Bidder and Location</b>	<b>Total</b>	<b>SBE \$</b>	<b>SBE %</b>	<b>Met SBR*</b>
Western Pump, Inc. San Diego, CA	\$ 875,058	\$ 875,058	100%	Yes
Fleming Environmental, Inc. Buena Park, CA	\$ 916,510	N/A	N/A	N/A
GeoCal, Inc. San Bernardino, CA	\$ 1,169,632	N/A	N/A	N/A

\* SBE (Small Business Enterprise) Participation set at 25 percent  
N/A – Not applicable

**The Metropolitan Water District of Southern California**

**Abstract of Bids Received April 17, 2003, at 2:00 P.M.**

**Specifications No. 1463**

**Underground Storage Tank Upgrades and Dispenser Spill Containment**

**Los Angeles Region**

The work consists of providing tank upgrade packages on eight existing underground storage tanks (USTs); removing two waste oil, three diesel, and two unleaded USTs; removing two unleaded dispensers; furnishing and installing two new aboveground storage tanks (ASTs) for waste oil, four 55-gallon drums, including containment sheds; furnishing and installing three new 500-gallon ASTs for diesel, including canopies, removing and replacing five unleaded and two diesel fuel dispensers; and furnishing and installing leak detection monitoring systems. The work includes all necessary site work and other appurtenant work, as detailed in Specifications No. 1463. The work encompasses several sites located in Los Angeles County.

**Engineer's Estimate: \$ 1,312,000**

<b>Bidder and Location</b>	<b>Total</b>	<b>SBE \$</b>	<b>SBE %</b>	<b>Met SBR*</b>
Geo-Cal, Inc. San Bernardino, CA **	\$ 1,250,835			N/A
Fleming Environmental, Inc. Buena Park, CA	\$ 1,254,455	\$ 1,254,455	100%	Yes

\* SBE (Small Business Enterprise) Participation set at 25 percent

\*\* Bid withdrawn

N/A – Not applicable