

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

May 11, 2004 Board Meeting

8-3

Subject

Appropriate \$1.4 million; and award a procurement contract for \$779,725 to Fuji Electric Corporation of America for the Foothill Hydroelectric Runner Replacement Project (Approp. 15377)

Description

In October 2001, Metropolitan's Board authorized the Conveyance and Distribution System Rehabilitation Program (Approp. 15377). The program's objective is to evaluate risks and vulnerabilities of Metropolitan's conveyance and distribution system and to identify cost-effective projects to address those risks through rehabilitation, repair, or replacement. Numerous projects have been identified and budgeted under the program. One of the identified projects is replacement of the Foothill Hydroelectric Plant turbine runners.

The Foothill Hydroelectric Plant, which is located downstream of Castaic Reservoir, generates approximately 7.7 megawatts of electricity and provides revenues for Metropolitan while reducing water pressure in the Foothill Feeder. Water flowing through the plant's hydroelectric turbine turns a runner, which in turn rotates a shaft that generates electricity. The plant's two turbine runners, installed in 1980, have suffered several cracks over the past 13 years. Metropolitan staff periodically inspect the runners and repair the cracks as they are detected. Due to the frequency of repairs, analyses by staff indicate that it would be less costly to replace the runners than to continue to repair them. New runners will also increase the plant's reliability and reduce operating costs. The capital expenditure for this project will be recovered in approximately five years.

In November 2003, Metropolitan's Board authorized final design for replacement of the Foothill Hydroelectric Plant runners. The current action authorizes construction by Metropolitan forces and awards a procurement contract for two new runners. Manufacture and delivery of the runners will take approximately one year. Upon receipt of the runners, Metropolitan forces will remove the existing runners and install the new ones. The recommended project will protect Metropolitan's invested assets, increase the reliability of service to our customers, and reduce the risk of costly repairs.

The procurement contract was advertised for bid on January 21, 2004. One bid was received and opened on February 23, 2004, from Fuji Electric Corporation of America in the amount of \$720,300. The bid complied with the requirements of the specifications. The engineer's estimate was \$725,000. For this procurement, Metropolitan did not require Small Business Enterprise participation.

Since the runners are a proprietary design, there are only a few manufacturers capable of making them. To encourage competition, four manufacturers that could potentially furnish the replacement runners were contacted prior to advertising. Of the firms contacted, two manufacturers expressed interest in bidding and two indicated that they were not interested because the job was too small. Of the two firms which expressed an interest in the work, only Fuji Electric submitted a bid. Staff recommends proceeding since Fuji Electric's bid is less than the engineer's estimate.

This action awards a procurement contract to Fuji Electric Corporation to supply two turbine runners. Including sales tax, the amount of the procurement contract is \$779,725.

This project has been evaluated and recommended by Metropolitan's Capital Investment Plan Evaluation Team, and has been included in the capital budget for fiscal year 2003/04.

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

Policy

Metropolitan Water District Administrative Code § 5108: Capital Project Appropriation

Metropolitan Water District Administrative Code § 8113: Construction Contract Award

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed project was previously determined to be categorically exempt under the provisions of CEQA and State CEQA Guidelines. The activities associated with this project were found by the Board to be exempt under Classes 1 and 2, Sections 15301 and 15302 of the State CEQA Guidelines on November 18, 2003. A Notice of Exemption (NOE) was filed on the project at that time and the statute of limitations has ended. With the current board actions, there is no substantial change proposed to the project since the original NOE was filed. Hence, the previous environmental documentation in conjunction with the project fully complies with CEQA and the State CEQA Guidelines. Accordingly, no further CEQA documentation is necessary for the Board to act with regards to the proposed actions.

The CEQA determination is: Determine that the proposed actions have been previously addressed in the 2003 NOE (Classes 1 and 2, Sections 15301 and 15302 of the State CEQA Guidelines) 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 \$1.4 million in budgeted funds; and
- b. Award a competitively bid contract to Fuji Electric Corporation of America for \$779,725 for replacement runners for the Foothill Hydroelectric Plant.

Fiscal Impact: \$1.4 million of budgeted CIP funds under Approp. 15377.

Option #2


Do not replace the Foothill Hydroelectric Plant runners. Metropolitan staff will continue to monitor the existing condition, and make repairs when problems occur.

Fiscal Impact: Higher long-term operating and maintenance costs and loss of revenue during repair outages.

Staff Recommendation

Option #1

 Roy L. Wolfe Manager, Corporate Resources	4/5/2004 Date
------------------------------------------------------------------------------------------------------------------------------------	------------------

 Ronald R. Gastelum Chief Executive Officer	4/20/2004 Date
-------------------------------------------------------------------------------------------------------------------------------------	-------------------

Attachment 1 – Abstract of Bids

Attachment 2 – Financial Statement for Conveyance and Distribution Rehabilitation Program

Attachment 3 – Location Map

BLA #2811

The Metropolitan Water District of Southern California
Abstract of Bids Received on February 23, 2004 at 11:00 A.M.
Request for Bids No. 110694
Foothill Hydroelectric Runner Replacement

The contract consists of procurement of two turbine runners.

Engineer's Estimate: \$ 725,000*

Bidder and Location	Total	SBE \$	SBE %	Met SBE
Fuji Electric Corp. of America, Irvine, CA	\$ 720,300*	N/A	N/A	N/A

N/A – Not Applicable

* Excludes 8.25% sales tax.

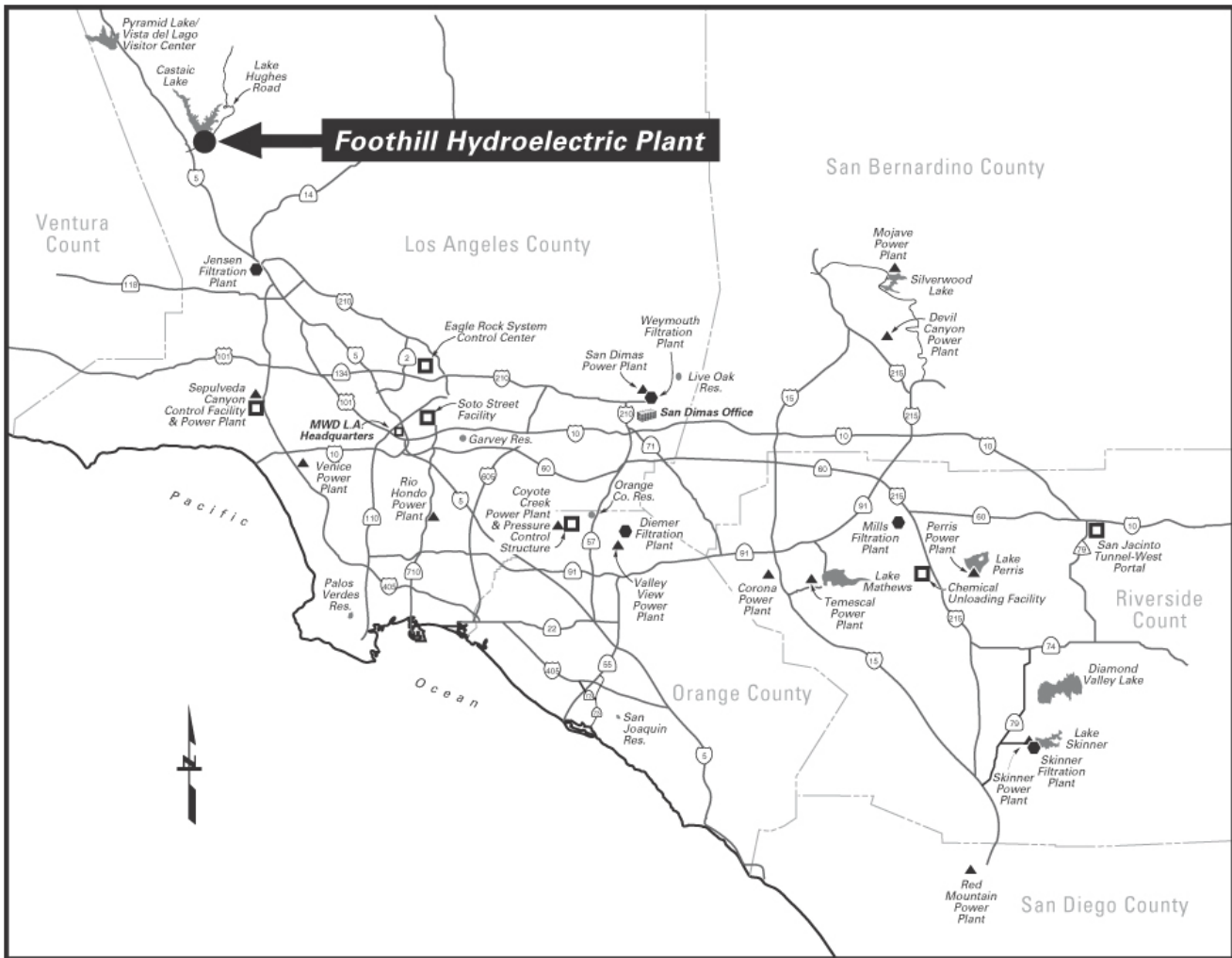
Financial Statement for Conveyance and Distribution System Rehabilitation Program

A breakdown of Board Action No. 6 for Appropriation No. 15377 for the Conveyance and Distribution System Rehabilitation is as follows:

	Previous Total Appropriated Amount (Nov. 2003)	Current Board Action No. 6 (Apr. 2004)	New Total Appropriated Amount
Labor			
Studies and Investigations	\$ 870,000	\$ 0	\$ 870,000
Design and Specifications	1,562,500	0	1,562,500
Owner Costs (Program Management, Submittal Review, Efficiency Testing)	1,653,500	92,000	1,745,500
Construction Inspection and Support	433,300	22,300	455,600
Metropolitan Force Construction	4,978,000	308,000	5,286,000
Materials and Supplies	2,346,000	0	2,346,000
Runner Procurement Contract	0	779,725	779,725
Incidental Expenses	782,000	20,000	802,000
Professional/Technical Services	402,000	10,000	412,000
Equipment Use	568,000	0	568,000
Contracts	4,077,400	0	4,077,400
Remaining Budget	2,118,000	167,975	2,285,975
Total	\$ 19,790,700	\$ 1,400,000	\$ 21,190,700

Funding Request

Program Name:	Conveyance and Distribution System Rehabilitation Program		
Source of Funds:	Construction Funds (General Obligation, Revenue Bonds, Pay-Go Fund)		
Appropriation No.:	15377	Board Action No.:	6
Requested Amount:	\$ 1,400,000	Capital Program No.:	15377-I
Total Appropriated Amount:	\$ 21,190,700	Capital Program Page No.:	E-38
Program Estimate:	\$ 25,102,000	Program Goal:	R - Reliability



Location Map
Foothill Hydroelectric Plant