

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

December 14, 2004 Board Meeting

9-10

Subject

Appropriate funds and award a construction contract for the San Diego Pipeline No. 6 North Reach and Service Connection EM-21 projects (Approp. 15121)

Description

On June 23, 2004, the San Diego Pipeline No. 6 North Reach construction contract was advertised for bids under Specifications No. 1479. The North Reach construction contract consists of a 10-foot-diameter steel pipeline approximately seven miles in length, appurtenant facilities, a connection to the Lake Skinner Outlet Conduit road and right-of-way restoration, and the EM-21 service connection.

On September 1, 2004, a total of six bids were received and opened under Specifications No. 1479. The low bid from J.F. Shea Construction, Inc. in the amount of \$65.806 million, complies with the requirements of the specifications. The engineer's estimate was \$65 million. For this project, Metropolitan requires Small Business Enterprise participation of at least 20 percent of the total construction bid. J.F. Shea Construction, Inc. has committed to meet this requirement.

In October 2004, the Board authorized agreements with three professional consulting firms for support services during construction of the North Reach project. This action awards a \$65.806 million construction contract to J.F. Shea Construction, Inc. to construct the San Diego Pipeline No. 6 North Reach and Service Connection EM-21, and authorizes oversight and management by Metropolitan staff.

When the Board approved the Pipeline 6 project in 1993, Approp. 15121 was increased to a total of \$47.75 million. Subsequent actions reduced the previously approved scope of work, thereby restricting use of these funds. The October 2004 board action resulted in a new total authorized expenditure of \$40.67 million, leaving \$7.079 million of appropriated, but unallocated funds. As shown in the financial statement ([Attachment 2](#)), approval of the current recommendation will appropriate an additional \$65.8 million, for a total authorized expenditure of \$72.88 million (\$65.8 plus \$7.079 million) for the construction contract, Metropolitan staff oversight, and remaining budget.

This project has been evaluated and recommended by Metropolitan's Capital Investment Plan (CIP) Evaluation Team and funds have been included within the fiscal year 2004/05 capital budget.

See [Attachment 1](#) for the Abstract of Bids and [Attachment 3](#) for the 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 environmental effects associated with the design, construction, and operation of the proposed modifications to the North Reach of the San Diego Pipeline No. 6 Project were evaluated in the Final Supplemental Environmental Impact Report (Final SEIR), which was certified by the Board on November 18, 2003.

As part of this analysis, the Final SEIR examined the environmental effects associated with a service connection (now identified as EM-21) for Eastern Municipal Water District's subagency, Rancho California Water District. During that same meeting, the Board also approved the amended Findings of Fact (findings), the amended Statement of Overriding Considerations (SOC), the amended Mitigation Monitoring and Reporting Program (MMRP), and the proposed modifications to the originally approved San Diego Pipeline No. 6 project and Metropolitan's involvement with the EM-21 project. The present board actions are solely based on awarding a construction contract to build the facilities, and not on any changes to the two approved projects. Hence, the previous environmental documentation taken by the Board in conjunction with the proposed actions fully complies with CEQA and the State CEQA Guidelines. Accordingly, no further CEQA documentation is necessary for the Board to act on the proposed actions.

The CEQA determination is: Determine that the proposed actions have been previously addressed in the certified 2003 Final SEIR and in the related adopted documents (i.e., amended findings, amended SOC, and amended MMRP), 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 \$65.8 million; and
- b. Award a contract to J.F. Shea Construction, Inc. for \$65.806 million for construction of the North Reach of San Diego Pipeline No. 6.

Fiscal Impact: Including usage of the previously appropriated but unallocated amount of \$7.079 million, the total fiscal impact of this action is \$72.88 million of budgeted funds for the construction contract, Metropolitan staff oversight, and remaining budget, under Approp. 15121.

Option #2

Reject all bids and readvertise in an attempt to receive a more favorable bid.

Fiscal Impact: Unknown


Staff Recommendation

Option #1


 Roy L. Wolfe
 Manager, Corporate Resources

12/7/2004

Date


 Ronald R. Gastelum
 Chief Executive Officer

12/7/2004

Date

Attachment 1 – Abstract of Bids

Attachment 2 – Financial Statement

Attachment 3 – Location Map

The Metropolitan Water District of Southern California

Abstract of Bids Received September 1, 2004, at 2:00 P.M.

Specifications No. 1479

San Diego Pipeline No. 6 Northern Reach

The project consists of constructing approximately 7 miles of 10- and 12-foot-diameter steel pipeline, installing Metropolitan-furnished 144-inch-diameter and 42-inch-diameter butterfly valves, restoring and improving roadways, constructing Service Connection EM-21, and other appurtenant work.

Engineer's Estimate: \$ 65,000,000

Bidder and Location	Total	SBE % * Participation	Met SBE
J.F. Shea Construction, Inc., Walnut, CA	\$65,806,000	20.01%	Yes
Steve P. Rados, Inc., Santa Ana, CA	\$67,350,000	N/A	N/A
L.H. Woods & Sons, Inc., Vista, CA	\$74,670,000	N/A	N/A
Steve Bubalo Construction Co., Inc., Monrovia, CA	\$78,300,000	N/A	N/A
Archer Western Contractors Ltd., San Diego, CA	\$84,200,000	N/A	N/A
Kiewit Pacific Co., Vancouver, WA **	\$ 70,643	N/A	N/A

N/A – Not Applicable

* The required Small Business Enterprise (SBE) participation is 20 percent.

** This bid was submitted with an obvious error in listing the second bid item and in adding the total of bid items 1 and 2.

Financial Statement for San Diego Pipeline No. 6 Program

A breakdown of Board Action No. 11 for Appropriation No. 15121 for the San Diego Pipeline No. 6 Program is as follows:

	Previous Total Appropriated Amount * (Oct. 2004)	Current Board Action No. 11 (Dec. 2004)	New Total Appropriated Amount
Labor			
Studies and Investigations	\$ 6,967,014	\$ 0	\$ 6,967,014
Design and Specifications	2,653,811	0	2,653,811
Owner Costs	5,756,516	0	5,756,516
Construction Inspection and Support	43,210	475,000	518,210
Materials and Supplies	1,124,534	0	1,124,534
Incidental Expenses	2,147,333	0	2,147,333
Professional/Technical Services	17,214,660	0	17,214,660
Right of Way	1,536,205	0	1,536,205
Equipment Use	48,185	0	48,185
Construction Contract	0	65,806,000	65,806,000
Remaining Budget	3,183,332	6,598,000	9,781,332
Unallocated Budget**	7,079,000	(7,079,000)	0
Total	\$ 47,753,800	\$ 65,800,000 ***	\$ 113,553,800

* Includes reallocations of previously appropriated funds.

** Previously appropriated funds not authorized for the North Reach project.

*** Including usage of previously appropriated but unallocated amount of \$7.079 million, the total fiscal impact of this action is \$72.88 million

Funding Request

Program Name:	San Diego Pipeline No.6		
Source of Funds:	Revenue Bonds, Replacement and Refurbishment or General Funds		
Appropriation No.:	15121	Board Action No.:	11
Requested Amount:	\$ 65,800,000	Capital Program No.:	15121-R
Total Appropriated Amount:	\$ 113,553,800	Capital Program Page No.:	E-54
Total Program Estimate:	\$ 241,960,000	Program Goal:	R-Reliability

