

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

January 10, 2006 Board Meeting

8-3

Subject

Appropriate \$2,860,000; and award a \$2,708,964 procurement contract to Hughes Water & Sewer, Ltd. for seven large diameter valves for construction of distribution system improvements (Approps. 15428, 15427)

Description

Three distribution system programs, which are currently under way to meet system reliability and operating needs, require seven large diameter butterfly valves. These distribution system programs include: the Orange County Cross Feeder, the Rialto Pipeline Improvements, and the Perris Valley Pipeline. Procurement of the valves in advance of award of the construction contracts is recommended so that the long lead time to fabricate and deliver the valves does not impact the construction schedules.

Two 84-inch sectionalizing valves are required for the Orange County Cross Feeder. One valve will be located at each end of the new feeder. Two 96-inch sectionalizing valves are required for the Rialto Pipeline Improvements project. These valves will provide shut-off capability, enhanced reliability, and operational flexibility in the event of emergencies or planned shutdowns for maintenance or rehabilitation work. This will allow Metropolitan to continue deliveries by isolating portions of the Rialto Pipeline. The Board authorized final design of the Rialto Pipeline Improvements in December 2005, while authorization of final design for the Orange County Cross Feeder is the subject of a separate board action in January 2006.

One 42-inch and two 48-inch valves are required for the Perris Valley Pipeline. The Perris Valley Pipeline is a new treated-water line which is being implemented under a joint agreement between Metropolitan, Eastern MWD, and Western MWD of Riverside County. The Perris Valley Pipeline project will include five service connections. Valves are required at each service connection to isolate Metropolitan's distribution system from each member agency's system. Procurement of three valves for the larger service connections is Metropolitan's responsibility under the joint agreement. The remaining two valves are smaller and will be furnished under the construction contracts. Metropolitan will be reimbursed by the respective member agencies for the cost of the service connection valves. Final design of the Perris Valley Pipeline was authorized by Metropolitan's Board in December 2005.

Specifications No. 1552 for furnishing large diameter butterfly valves was advertised for bids on October 18, 2005. As shown in [Attachment 2](#), one bid was received and opened on December 7, 2005. The bid from Hughes Water & Sewer, Ltd., in the amount of \$2,708,964, complies with the requirements of the specifications. The engineer's estimate was \$2,984,000.

Due to the size and hydraulic requirements of the valves included in this procurement, there are relatively few manufacturers worldwide that can furnish such specialty valves. Metropolitan staff contacted numerous manufacturers in order to attract bidders, and had anticipated that two bids would be submitted. The second manufacturer has indicated that although it did not submit on this procurement for its own logistical reasons, it intends to pursue Metropolitan work in the future.

This action appropriates \$2,860,000 in budgeted funds for the Orange County Cross Feeder Program (\$1,350,000) and the Rialto Feeder Improvements Program (\$1,510,000). Funds for construction of the Perris Valley Pipeline, which include the cost of the above-mentioned one 42-inch and two 48-inch valves, were previously appropriated in December 2005. As a result, no additional funds are required in this action for the Perris Valley Pipeline.

Approval of this action also awards a \$2,708,964 procurement contract to Hughes Water & Sewer, Ltd. Allocation of this contract amount to the three CIP programs is as follows: Orange County Cross Feeder (\$1,096,299); Rialto Feeder Improvements (\$1,239,606); and Perris Valley Pipeline (\$373,059).

In addition to the \$2,708,964 amount of the contract, the requested funds include \$46,000 for fabrication inspection by Metropolitan staff, \$60,000 for specialty consultant inspection and travel, and \$418,094 of remaining budget. The requested appropriation of \$2,860,000 reflects funding for these items with the exception of \$373,059 for the Perris Valley Pipeline. Since funds for the Perris Valley Pipeline (\$373,059) were previously appropriated in December 2005, no additional funding is required for that project.

These three projects have been evaluated and recommended by Metropolitan's Capital Investment Plan Evaluation Team, and funds have been included within the fiscal year 2005/06 capital budget. See [Attachment 1](#) for the Financial Statements and [Attachment 2](#) for the Abstract of Bids.

Policy

Metropolitan Water District Administrative Code Section 5108: Capital Project Appropriation

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action of authorizing execution of procurement contracts and appropriating funds for the fabrication of seven large valves support the construction of three projects previously evaluated pursuant to the California Environmental Quality Act (CEQA). CEQA documentation was prepared for each of these projects and was considered by the Board prior to their approval, as follows:

1. The Rialto Pipeline Improvements project was determined to be categorically exempt under the provisions of CEQA and the State CEQA Guidelines (Class 1, Section 15301; Class 2, Section 15302; Class 3, Section 15303; and Class 4, Section 15304) on December 13, 2005.
2. For the Perris Valley Pipeline project, Western MWD of Riverside County acting as the Lead Agency certified the Final Environmental Impact for the Project on December 7, 2005. On December 13, 2005, Metropolitan, acting as a Responsible Agency under CEQA, certified that it had reviewed and considered the information in the certified Final EIR and adopted the Lead Agency's finding, Statement of Overriding Considerations, and Mitigation Monitoring and Reporting Program.
3. Metropolitan, acting as Lead Agency, prepared a Negative Declaration for the Orange County Cross Feeder project. The Board will consider adopting the Negative Declaration and approval of the Orange County Cross Feeder project at the January 2006 board meeting.

The CEQA determination is: Assuming the Board approves the Negative Declaration for the Orange County Cross Feeder project during the January board meeting, pursuant to the requirements of CEQA and the State CEQA Guidelines, there are no new, substantial changes to the projects that require further environmental review. Hence, the previous environmental documentation 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.

CEQA determination for Option #2:

None required

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and

- a. Appropriate \$2,860,000 in budgeted funds; and
- b. Award a \$2,708,964 procurement contract to Hughes Water & Sewer, Ltd. to furnish seven large diameter valves.

Fiscal Impact: \$1,350,000 in budgeted funds for Approp. 15428, and \$1,510,000 in budgeted funds for Approp. 15427

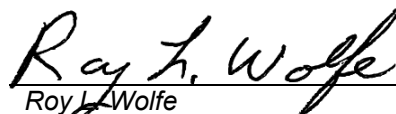
Option #2

Do not award the valve procurement contract.

Fiscal Impact: None


Staff Recommendation

Option #1



Roy L. Wolfe
Manager, Corporate Resources

12/22/2005
Date



Debra C. Man
Interim CEO/General Manager

12/22/2005
Date

Attachment 1 – Financial Statements

Attachment 2 – Abstract of Bids

BLA #4207

Financial Statement for Orange County Cross Feeder Program

A breakdown of Board Action No. 3 for Appropriation No. 15428 for the Orange County Cross Feeder is as follows:

	Previous Total Appropriated Amount (Jan. 2006)	Current Board Action No. 3 (Jan. 2006)	New Total Appropriated Amount
Labor			
Studies and Preliminary Design	\$ 237,000	\$ -	\$ 237,000
Final Design	1,573,000	-	1,573,000
Owner Costs	663,000	-	663,000
Construction Inspection and Support Metropolitan Force Construction	-	23,000	23,000
Right-of-Way	3,800,000	-	3,800,000
Materials and Supplies (Valve procurement)		1,096,299	1,096,299
Incidental Expenses	24,000	15,000	39,000
Professional/Technical Services	815,000	15,000	830,000
Equipment Use			
Contracts			
Remaining Budget	2,023,000	200,701	2,223,701
Total	\$ 9,135,000	\$ 1,350,000	\$ 10,485,000

Funding Request

Program Name:	Orange County Cross Feeder		
Source of Funds:	Revenue Bonds, Replacement and Refurbishment or General Funds		
Appropriation No.:	15428	Board Action No.:	3
Requested Amount:	\$ 1,350,000	Capital Program No.:	05063-S
Total Appropriated Amount:	\$ 10,485,000	Capital Program Page No.:	E-49
Total Program Estimate:	\$ 30,712,000	Program Goal:	Reliability

Financial Statement for Rialto Pipeline Improvements Program

A breakdown of Board Action No. 3 for Appropriation No. 15427 for the Rialto Pipeline Improvements is as follows:

	Previous Total Appropriated Amount (Dec. 2005)	Current Board Action No. 3 (Jan. 2006)	New Total Appropriated Amount
Labor			
Studies and Preliminary Design	\$ 60,000	\$ -	\$ 60,000
Final Design			
Owner Costs (Program management, permitting)	387,500	-	387,500
Construction Inspection and Support Metropolitan Force Construction	-	23,000	23,000
Material and Supplies (Valve procurement	-	1,239,607	1,239,607
Incidental Expenses	7,500	15,000	22,500
Professional/Technical Services	1,000,000	15,000	1,015,000
Equipment Use			
Contracts			
Remaining Budget	165,000	217,393	382,393
Total	\$ 1,620,000	\$ 1,510,000	\$ 3,130,000

Funding Request

Program Name:	Rialto Pipeline Improvements		
Source of Funds:	Revenue Bonds, Replacement and Refurbishment or General Funds		
Appropriation No.:	15427	Board Action No.:	3
Requested Amount:	\$ 1,510,000	Capital Program No.:	15427-S
Total Appropriated Amount:	\$ 3,130,000	Capital Program Page No.:	E-56
Total Program Estimate:	\$ 7,100,000	Program Goal:	Reliability

The Metropolitan Water District of Southern California
Abstract of Bids Received on December 7, 2005 at 2:00 P.M.

Specifications No. 1552

**Furnishing Large Diameter Butterfly Valves for the Orange County Cross Feeder,
 Rialto Pipeline, and Perris Valley Pipeline Projects**

The contract consists of furnishing two 84-inch valves for the Orange County Cross Feeder, two 96-inch valves for the Rialto Pipeline Improvements, and one 42-inch and two 48-inch valves for the Perris Valley Pipeline.

Engineer's Estimate: \$2,984,000

Bidder and Location	Total	SBE \$	SBE %	Met SBE*
Hughes Water & Sewer, Ltd. Perris, CA	\$ 2,708,964	N/A	N/A	N/A

* N/A – Not Applicable