

- **Board of Directors**
Engineering and Capital Programs Committee

July 10, 2007 Board Meeting

8-1

Subject

Award \$39.3 million construction contract to W.A. Rasic Construction Co. for the North Reach of the Perris Valley Pipeline (Approp. 15425)

Description

Background

The Perris Valley Pipeline Program has been initiated to meet projected treated water demands in Riverside County; maximize use of the Mills plant; offset peak demands on the Skinner plant; and improve operational flexibility and system reliability in this portion of Metropolitan's service area. The 96-inch-diameter pipeline will be approximately 6.5 miles long and have five service connections with a combined capacity of 375 cubic feet per second. See [Attachment 2](#) for the Location Map and [Attachment 3](#) for the pipeline alignment. Construction will be performed using two contracts for the North and South Reaches.

The Perris Valley Pipeline was initially intended to be constructed using a design-build project delivery method managed by Eastern Municipal Water District. Under this effort, final design had commenced and fabrication of pipe sections was initiated. In October 2006, Metropolitan's Board authorized discontinuing the design-build effort and proceeding under a revised project plan. Dissolution of all design-build relationships has now been completed and the project is proceeding with the traditional design-bid-build project delivery method.

The drawings previously prepared under the design-build effort have been modified to produce the North Reach bid package under an accelerated schedule in order to maintain the desired on-line date. This challenging project involves installation of a large-diameter pipeline within an existing major roadway with numerous utility crossings. In addition to the risk of differing site conditions due to unanticipated geotechnical conditions and unidentified utilities, planned street improvements along Alessandro Boulevard provide a further challenge on this project.

Construction of the North Reach is scheduled to be completed by early summer 2008, to allow deliveries to commence to Eastern MWD prior to the period of peak summer demands. Construction of the South Reach is planned to be completed by summer 2009. Right-of-way acquisition and final design of the South Reach are underway and are scheduled to be completed by December 2007.

Construction Contract Award (No funds required)

Specifications No. 1589 for the North Reach of the Perris Valley Pipeline was advertised for bids on May 3, 2007. As shown in [Attachment 1](#), three bids were received and opened on June 21, 2007. The low bid from Kiewit Pacific Co., was deemed to be non-responsive. The second lowest bid from W.A. Rasic Construction Co., in the amount of \$39,250,000, complies with the requirements of the specifications. For this contract, Metropolitan has established a Small Business Enterprise (SBE) participation level of at least 20 percent of the bid amount. W.A. Rasic Construction Co. has committed to meet this level of participation. The engineer's estimate was \$52.4 million.

The discrepancy between the bid amount and the engineer's estimate is due to a difference in the method of construction. The project includes a considerable amount of excavation in hard rock. The engineer's estimate was based on a more conservative approach that utilized extensive blasting, while W.A. Rasic Construction Co.'s bid includes considerably less for tunneling and blasting.

This action awards a \$39.3 million contract to W.A. Rasic Construction Co. to construct the North Reach of the Perris Valley Pipeline. No funding is required under this action as sufficient funds to complete North Reach construction activities were previously appropriated. The total value of these construction activities is estimated to be \$44.8 million. In addition to the amount of the contract, expenditures will include \$4 million for construction inspection and \$1.5 million for all other staff and consultant support. Support activities include project management; coordination with the City of Riverside, Caltrans, and Riverside County Transportation Commission; and technical support by the design consultant, Black & Veatch. Black & Veatch will review submittals received from the contractor, respond to requests for information, and advise inspection staff on technical issues as they may arise. Black & Veatch was selected through a competitive process (Request for Qualifications No. 719) and work will be performed under a board-authorized agreement. No amendment to the existing Black & Veatch agreement is required. The SBE participation level established for this agreement is 20 percent.

Construction inspection of this contract is recommended to be performed by Butier Construction Managers, Inc. Butier was selected through a competitive process (Request for Qualifications No. 550) and work will be performed under a board-authorized agreement. No amendment to the existing Butier agreement is required. The SBE participation level established for this agreement is 20 percent. For the North Reach project, the anticipated cost of inspection and support is approximately 10 percent of the total construction cost. Engineering Services' goal for inspection of projects with construction cost greater than \$3 million is 9 percent to 12 percent.

This project has been evaluated by Metropolitan's Capital Investment Plan Evaluation Team and funds have been included in the fiscal year 2007/08 capital budget. Staff will return to the Board in the future for award of a construction contract for the South Reach.

Revised Project Milestones

July 2007 – Award North Reach construction contract

Early 2008 – Award South Reach construction contract

Summer 2008 – Complete construction of North Reach, with service to Cactus Ave. (EM-23 service connection)

Summer 2009 – Complete construction of South Reach, with service to remaining service connections

Policy

Metropolitan Water District Administrative Code Section 8121: General Authority of the General Manager to Enter Contracts

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

Pursuant to the provisions of CEQA and the State CEQA Guidelines, Western, acting as the Lead Agency, prepared and processed a Final Environmental Impact Report (Final EIR) for the Perris Valley Pipeline Project (project). The Final EIR was certified and the project was approved by the Lead Agency on December 7, 2005. The Lead Agency also approved the Findings of Fact (findings), the Statement of Overriding Considerations (SOC), and the Mitigation Monitoring and Reporting Program (MMRP). 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, SOC, and MMRP. With the current board action, there are no substantial changes proposed to the project. 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 action.

The CEQA determination is: Determine that the proposed action has been previously addressed in the certified 2005 Final EIR along with the adopted findings, SOC, and MMRP and that no further environmental analysis or documentation is required.

CEQA determination for Options #2 and #3:

None required

Board Options

Option #1

Adopt the CEQA determination and award a \$39,250,000 contract to W.A. Rasic Construction Co. to construct the North Reach of the Perris Valley Pipeline.

Fiscal Impact: \$44.8 million of previously appropriated and budgeted funds under Approp. 15425

Business Analysis: This option will maintain the project schedule and allow deliveries to Eastern MWD to meet peak summer 2008 demands.

Option #2

Do not award the construction contract and re-advertise in an attempt to receive more favorable bids.

Fiscal Impact: Unknown, but potentially higher than current bid

Business Analysis: Under this option, completion of the North Reach would be delayed beyond the summer 2008 completion date, and increasing demands in Riverside County would not be met.

Option #3

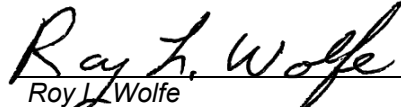
Do not proceed with the Perris Valley Pipeline.

Fiscal Impact: None

Business Analysis: This option would reduce system reliability and operational flexibility within this portion of Metropolitan’s distribution system. Projected demands in Riverside County would not be met.

Staff Recommendation


Option #1



Roy L. Wolfe
Manager, Corporate Resources

6/27/2007

Date



Jeffrey Nightlinger
General Manager

6/27/2007

Date

Attachment 1 – Abstract of Bids

Attachment 2 – Location Map

Attachment 3 – Perris Valley Pipeline Alignment

BLA #5442

The Metropolitan Water District of Southern California

Abstract of Bids Received on June 14, 2007 at 2:00 P.M.

Specifications No. 1589

Perris Valley Pipeline North Reach

The project consists of installing approximately 2.7 miles of large-diameter welded steel pipe. The work also includes street improvements and installation of valves and related piping; manhole structures; blow-offs; cathodic protection test stations; electrical and instrumentation equipment; and reinforced concrete vault structures.

Engineer's Estimate: \$ 52.4 million

Bidder and Location	Total	SBE \$	SBE %	Met SBE*
1. Kiewit Pacific Co., Vancouver, WA**	\$ 29,267,000	-	-	-
2. W. A. Rasic Construction Co., Bell Gardens, CA	\$ 39,250,000	\$39,250,000	100%	Yes
3. L.H. Woods & Sons, Inc., Vista, CA	\$ 49,903,875	-	-	-

*SBE (Small Business Enterprise) participation set at 20 percent

** Non-responsive bid

Perris Valley Pipeline Alignment

