



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

3/8/2011 Board Meeting

8-2

Subject

Appropriate \$9.15 million; award \$6,684,000 contract to Morillo Construction, Inc., for the La Verne Coating Shop Upgrades; and authorize amendment to existing agreement with Tetra-IBI Group (Approp. 15395)

Description

This action awards a construction contract for a new coating shop building at the La Verne Shops, located on the site of the F. E. Weymouth Water Treatment Plant. This project represents the third stage of a four-stage program to upgrade Metropolitan's specialized shops, which are essential to support reliable operation of the treatment plants and distribution system. This action also authorizes an amendment to an existing agreement for technical support by the design consultant during construction activities.

Timing and Urgency

The two outdated coating shop buildings at the La Verne Shops will be upgraded into a modern coating facility. One of the existing buildings was converted over 50 years ago from a steel-shell warehouse into a coating shop to enhance Metropolitan's ability to respond to emergencies. Both of the existing buildings are overcrowded, which limits accessibility and impairs quality of the coating work. The city of La Verne's fire department has also requested that the coating facilities be brought up to compliance with current building codes.

The equipment in the coating shop is 30 to 50 years old and has reached the end of its service life. The upgraded facility will improve quality, increase efficiency, and enhance safety by housing the new equipment in a building that is specifically designed for coating work. The upgraded coating shop will improve Metropolitan's emergency response capability by minimizing delays resulting from coating shop equipment failure, and will comply with up-to-date Air Quality Management District (AQMD) regulations.

This project has been reviewed with Metropolitan's updated Capital Investment Plan (CIP) prioritization criteria and is categorized as an Infrastructure Project. This project is budgeted within Metropolitan's CIP for fiscal year 2010/11.

Background

Specialized shops have been located at the Weymouth plant, which is located in the city of La Verne, since they were originally placed into service in 1941. The shops were expanded in the 1960s when larger facilities were constructed, and were expanded again in the 1980s to support a major rehabilitation of the Colorado River Aqueduct pumps. The La Verne Shops are housed in four buildings: the fabrication shop, machine shop, and two coatings shops.

The La Verne Shops provide full-time support for Metropolitan's rehabilitation work, maintenance activities, and capital projects; equipment rehabilitation services for the Department of Water Resources (DWR); and routine and emergency fabrication support to Metropolitan and its member agencies. On an annual basis, the shops provide fabrication services for over 120 projects with a total value up to \$10 million. Metropolitan has had an agreement with DWR since the 1980s to provide shop services that support maintenance activities along the State Water Project. Recent examples of this support include repairing and coating components for the Gianelli Power

Plant, and fabricating and coating large drop gates and lifting beams for the Hyatt Power Plant. This work is performed on a fee-for-service basis that recovers machine rates, raw materials, and fully burdened labor rates, including additives and overhead. Support to member agencies typically includes agency-requested service connections, which involves fabrication, coating, and lining of pipe.

Retention of the in-house capability to perform the functions provided by the La Verne Shops is essential for Metropolitan, as there are limited firms in the western U.S. with similar capabilities for machining, fabrication and industrial coating. These firms have little ability to respond in a timely manner to Metropolitan's emergency needs. The La Verne shops have the capability to perform critical rehabilitation of pumps, valves and pipelines within the expedited time frame needed to respond to emergencies, shutdowns and outages.

In March 2008, Metropolitan's Board authorized final design activities for the La Verne Shops Upgrade Program. The scope of work for the program includes the following:

- Refurbish and replace aging, inefficient, and outdated fabrication, machining, and coating equipment.
- Expand the machine shop building to permit larger and safer work areas around each piece of equipment and to provide adequate areas for staging parts near each machine, while maintaining clear walkways throughout the building.
- Expand the fabrication shop to permit a more efficient layout of existing and proposed new equipment, material handling and staging, and to provide safer equipment work areas.
- Consolidate the two coatings shop buildings into one more efficient shop with adequate work area for new coating shop equipment, material staging areas, workbenches, and post-painting handling operations.

The work has been prioritized and will be executed in four stages. These stages have been carefully defined such that later work will augment the improvements completed in earlier stages. Stage 1 included the refurbishment and replacement of 19 pieces of equipment in the machine and fabrication shops, and was completed in 2006. Under Stage 2, which is currently underway, the machine shop roof is being replaced, the fabrication shop building is being retrofitted to meet current seismic codes, and the bridge cranes in the fabrication and machine shops are being upgraded to improve safety and handling of materials, equipment and components. Stage 2 is approximately 50 percent complete. Under Stage 3, which is the subject of this action, one of the existing coating shop buildings will be expanded as discussed below. In Stage 4, the fabrication and machine shop functions will be integrated into a single building. Equipment will also be replaced or rehabilitated. Stages 3 and 4 have been planned so that during construction, the existing shops will continue to maintain full-service support to perform rehabilitation work, maintenance activities, and capital projects and to respond to emergencies and outages. Stage 4 is planned to proceed sequentially following the completion of Stage 3.

La Verne Shops Upgrade, Stage 3 - Construction Phase (\$9,150,000)

Stage 3 construction will create a new larger-capacity coating shop by constructing a new building adjacent to one of the existing coating shops. That existing coating building will be refurbished and brought into compliance with current building codes. The other existing coating building will be used for staging and preparation of equipment to be coated, and for storage of materials. Upgraded features will include a self-contained sand-blast booth, a modern blast media collection and filter system, several new paint/drying booths, material staging areas and work benches. The electrical service will be upgraded, and all facilities and equipment will employ technology that meets current AQMD containment requirements. Upon completion of the work, the coating facilities at LaVerne will consist of two buildings, each geared to support a specific stage of the coating preparation and finishing process.

Specifications No. 1639 for the La Verne Coating Shop Upgrades was advertised for bids on November 4, 2010. As shown in [Attachment 2](#), 14 bids were received and opened on January 27, 2011. The low bid from Morillo Construction, Inc. in the amount of \$6,684,000 complies with the requirements of the specifications. The 13 higher bids ranged from approximately \$6.7 million to \$9.7 million. The engineer's estimate was \$6.9 million. For this contract, Metropolitan has established a Small Business Enterprise (SBE) participation level of at least

20 percent of the total bid amount. Morillo Construction, Inc. is an SBE firm, and thus has achieved 100 percent participation.

Construction inspection will be performed by Metropolitan staff. For this project, the anticipated cost of inspection is approximately 11.3 percent of the total construction cost. Engineering Services' goal for inspection of construction contracts greater than \$3 million is 9 to 12 percent.

This action appropriates \$9.15 million in budgeted funds, and awards a \$6,684,000 contract to Morillo Construction, Inc. In addition to the amount of the contract, the requested funds include: \$279,000 for construction support by Metropolitan forces, which includes relocation of fixed equipment to provide construction access to the contractor, and installation of power to the temporary blast booth; and \$65,000 for installation of security-related equipment. The total construction cost is \$7,028,000. The appropriated funds also include \$796,000 for construction inspection; \$214,000 for environmental monitoring, permitting, and project management; \$137,000 for review of specialized equipment submittals and preparation of record drawings by Metropolitan; \$300,000 for technical support during construction by the design consultant, Tetra-IBI Group (see below) and \$675,000 for remaining budget.

Technical Support During Construction (Tetra-IBI Group) – Amendment to Existing Agreement

Tetra – IBI Group prepared the final design of the La Verne Shops Upgrades. As the Architect of Record, Tetra-IBI Group is recommended to provide technical support during construction. These activities will include review of building related submittals, responding to requests for information, advising staff on technical issues as they may arise, and preparation of record drawings. Tetra-IBI Group was selected through a competitive process via Request for Proposals No. 831, and the design work was performed under a board-authorized agreement. Amendment of the existing Tetra-IBI Group agreement is consistent with the agreement's scope of work and with the planned approach for project implementation. For this agreement, Metropolitan has established a Small Business Enterprise (SBE) participation level of 20 percent.

This action authorizes an increase of \$300,000 to the existing agreement with Tetra-IBI Group, for a new not-to-exceed total of \$1.85 million, to provide technical support during construction of the new coating shop.

Security System Installation (Johnson Controls) – No Amendment Required

Security features incorporated into the Coating Shop Upgrades include: access control and surveillance equipment such as card readers, door contacts and monitors; infrared motion detectors; and cameras. These features are consistent with security systems planned or in place at other Metropolitan facilities. In July 2007, Metropolitan's Board authorized a master agreement with Johnson Controls to design, furnish, and install physical security systems for capital projects on an as-needed basis. All funding for the security system installation work is provided under individually budgeted and appropriated capital programs. As identified above, the present action includes \$65,000 for the installation of security system equipment.

Installation of security-related equipment will be performed by Johnson Controls under its five-year master agreement, and is consistent with Metropolitan's long-term strategic plan to enhance safety and security of employees, the public, and Metropolitan's infrastructure. Due to specialized and proprietary nature of the equipment furnished under this contract, Metropolitan did not establish an SBE participation level for this work. No amendment to the existing Johnson Controls agreement is required.

Summary

This action appropriates \$9.15 million, awards a construction contract to upgrade the existing La Verne coating shop buildings, and authorizes an amendment to the existing agreement with Tetra-IBI Group. This project has been evaluated and recommended by Metropolitan's CIP Evaluation Team, and funds have been included in the fiscal year 2010/11 capital budget. See [Attachment 1](#) for the Financial Statement, [Attachment 2](#) for the Abstracts of Bids, and [Attachment 3](#) for the Location Map.

This project is included within capital Appropriation No. 15395, the La Verne Shops Upgrade Program, which was initiated in fiscal year 2002/03. Appropriation No. 15395 also includes the machine and fabrication shops building expansions, equipment refurbishments and procurements, machine shop roof replacement, fabrication

shop seismic retrofit, and machine/fabrication shop crane upgrades. With the present action for the coating shop upgrades, the total funding for Appropriation No. 15395 will increase from \$8.17 million to \$17,320,000.

This project is consistent with Metropolitan's goals for sustainability by improving shop efficiency and product quality.

Project Milestone

June 2012 – Completion of construction

Policy

Metropolitan Water District Administrative Code Section 5108: Appropriations

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:

The environmental effects from the La Verne Shops Upgrade, Stage 3 Project, were evaluated in the F. E. Weymouth Filtration Plant Ozonation Facilities and Site Improvements Program Final Environmental Impact Report (Final EIR), which was certified by the Board on April 12, 2005. The Board also approved the Findings of Fact (Findings), the Statement of Overriding Considerations, the Mitigation Monitoring and Reporting Program (MMRP), and the project itself. Addendum No. 1 to the Final EIR was certified by the Board on January 9, 2007. The current board action is solely based on authorizing award of a construction contract for the La Verne Shops Upgrade, Stage 3 Project, and not on any changes to the approved program itself. Hence, the previous environmental documentation acted on 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 2005 Final EIR, findings, SOC, and MMRP, and 2007 Addendum, and that no further environmental analysis or documentation is required.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination and

- a. Appropriate \$9.15 million;
- b. Award \$6,684,000 contract to Morillo Construction, Inc., for the La Verne Coating Shop Upgrades; and
- c. Authorize increase of \$300,000 to the existing agreement with Tetra -IBI Group, for a new not-to-exceed total of \$1.85 million.

Fiscal Impact: \$9.15 million of budgeted funds under Approp. No. 15395

Business Analysis: This option will enhance reliability and continued operation of the La Verne coating shop. Upgrade and expansion of the coating shop building to a new facility will replace the old and outdated facility that is over 50 years old, and will enhance Metropolitan's operational flexibility in the event of emergencies, maintenance or rehabilitation work and will be consistent with current building codes for the city of La Verne.

Option #2

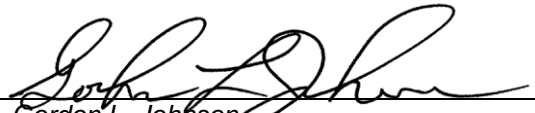
Do not award the construction contract and re-advertise in an attempt to receive more favorable bids.

Fiscal Impact: None

Business Analysis: This option would delay completion of the new coating shop building and may or may not result in more favorable bids. This delay may impact the reliability and operation of the distribution system when urgent repairs are required.

Staff Recommendation

Option #1


Gordon L. Johnson
Manager/Chief Engineer, Engineering Services

2/15/2011
Date


Jeffrey Kichtlinger
General Manager

2/23/2011
Date

Attachment 1 – Financial Statement

Attachment 2 – Abstract of Bids

Attachment 3 – Location Map

Ref# cr12608156

Financial Statement for La Verne Shops Upgrade Program, Phase 1

A breakdown of Board Action No. 5 for Appropriation No. 15395 for the La Verne Coating Shop Upgrades project * is as follows:

	Previous Total Appropriated Amount (July 2010)	Current Board Action No. 5 (March 2011)	New Total Appropriated Amount
Labor			
Studies & Investigations	\$ 197,000	\$ -	\$ 197,000
Final Design	840,108	-	840,108
Owner Costs (Program mgmt, envir. monitoring, permitting)	834,000	214,000	1,048,000
Submittals Review & Record Drawings	87,000	137,000	224,000
Construction Inspection & Support	159,000	796,000	955,000
Metropolitan Force Construction	15,000	184,000	199,000
Materials and Supplies	1,194,673	42,000	1,236,673
Incidental Expenses	18,300	38,000	56,300
Professional/Technical Services	2,464,900	-	2,464,900
Tetra-IBI Group	-	300,000	300,000
Security Contractor	-	65,000	65,000
Equipment Use	-	15,000	15,000
Contracts	1,625,627	6,684,000	8,309,627
Remaining Budget	734,392	675,000	1,409,392
Total	\$ 8,170,000	\$ 9,150,000	\$ 17,320,000

Funding Request

Program Name:	La Verne Shops Upgrade Program		
Source of Funds:	Revenue Bonds, Replacement and Refurbishment or General Funds		
Appropriation No.:	15395	Board Action No.:	5
Requested Amount:	\$ 9,150,000	Capital Program No.:	15395
Total Appropriated Amount:	\$ 17,320,000	Capital Program Page No.:	304
Total Program Estimate:	\$ 41,659,900	Program Goal:	Infrastructure Reliability

* The total amount expended to date on the La Verne Shops Upgrade Program is approximately \$5,497,320.

The Metropolitan Water District of Southern California

Abstract of Bids Received on January 27, 2010 at 2:00 P.M.

Specifications No. 1639

La Verne Coating Shop Upgrades

The work consists of upgrading and expanding the existing coating shop building at the Weymouth Treatment plant.

Engineer's Estimate: \$6,900,000

Bidder and Location	Total Bid	SBE \$	SBE %	Met SBE*
Morillo Construction, Inc., Pasadena, CA	\$ 6,684,000.00	\$6,684,000	100	Yes
Waisman Construction, Inc., Canoga Park, CA	\$ 6,723,000.00	-	-	-
PW Construction Inc., Chino, CA	\$ 6,937,000.00	-	-	-
G2K Construction, Inc., Agoura Hills, CA	\$ 7,200,000.00	-	-	-
Moment Construction Co., Inc., Los Angeles, CA	\$ 7,300,000.00	-	-	-
H. A. Nichols Co., Inc., Los Angeles, CA	\$ 7,349,000.00	-	-	-
NSA Construction Group, Inc., Tarzana, CA	\$ 7,448,000.00	-	-	-
Ford E.C., Inc., Los Angeles, CA	\$ 7,583,700.00	-	-	-
USS Cal Builders, Inc., Stanton, CA	\$ 7,820,000.00	-	-	-
R.I.C. Construction Co., Inc., Hesperia, CA	\$ 7,851,000.00	-	-	-
Ace Engineering, Inc., La Verne, CA	\$ 7,950,917.27	-	-	-
Armand Gonzales Inc. dba Gonzales Construction, Tarzana, CA	\$ 7,961,519.00	-	-	-
SBS Corporation, Westlake Village, CA	\$ 8,189,318.00	-	-	-
Minako America Corporation dba Minco Construction, Gardena, CA	\$ 9,677,000.00	-	-	-

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

F.E. Weymouth Water Treatment Plant

