



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

7/12/2016 Board Meeting

7-1

Subject

Appropriate \$800,000 for completion of the industrial wastewater handling system at the Henry J. Mills Water Treatment Plant (Approp. 15452)

Executive Summary

This action provides funding to complete construction-related support activities for the industrial wastewater handling system at the Henry J. Mills Water Treatment Plant. At present, the contractor for this project has completed 60 percent of the work, but is expected to finish approximately six months beyond the contractual completion date. Due to the additional time and effort required by staff to administer the contract, supplemental funding for increased inspection and engineering support is requested in order to successfully close out the project.

Timing and Urgency

In October 2014, Metropolitan's Board awarded a construction contract for improvements to the Mills industrial wastewater handling system in order to collect, test, and dispose of industrial wastewater safely and more efficiently. Construction of the industrial wastewater handling system has proceeded more slowly than anticipated. Due to the contractor's delays and the large number of meetings and shop drawing resubmittals that needed to be reviewed by staff while administering the contract, the projected cost of inspection and engineering support will exceed the amount available within the remaining budget. As a result, additional funding is requested in order to maintain an adequate level of oversight as the contractor completes the work.

This project has been reviewed with Metropolitan's Capital Investment Plan (CIP) prioritization criteria and is included in the Treatment Plant Reliability Program. Funds for this action are available within Metropolitan's capital expenditure plan for fiscal year 2016/17.

Details

Background

The Mills plant was placed into service in 1978 and is currently rated to treat 220 million gallons per day (mgd). The plant normally treats water from the East Branch of the State Water Project delivered through the Department of Water Resources' Devil Canyon facilities and Santa Ana Valley Pipeline. The Mills plant is located within the city of Riverside.

In October 2014, Metropolitan's Board awarded a construction contract to improve industrial wastewater handling at the Mills plant. These improvements will permit the plant's industrial wastewater to be discharged into the local sanitary sewer system and will enhance operational flexibility and safety. The new system will include three 20,000-gallon epoxy-lined steel storage tanks; a chemical-resistant wastewater collection system; secondary containment; tank mixing and discharge equipment; a chemical feed system for pH adjustment; emergency eyewash stations; instrumentation; and a connection to the city of Riverside municipal sewer system.

Industrial Wastewater Handling System Improvements – Construction Management (\$800,000)

In October 2014, a \$2,565,063 contract was awarded to Hobbs-Bannerman, Inc. to improve the Mills industrial wastewater handling system. Construction is currently 60 percent complete and is projected to be concluded in October 2016, which is six months beyond the contractual completion date of April 2016. The delay is attributed to the contractor's failure to provide key submittals that meet the contract requirements, or to complete construction tasks on a timely basis.

Staff will return to the Board to report on the contractor's progress, and on Metropolitan's impacts and options as a result of the delay. Based on the contractor's progress to date and the quantity of work remaining, staff projects that additional funding will be needed to support the increased engineering, inspection, and project management efforts required for repeated submittal reviews, responding to Requests for Information, field assistance, and progress meetings with the contractor. The estimated additional funding needed to support the extended duration of construction is \$800,000. This amount includes \$576,000 for projected staff labor and \$224,000 for remaining budget.

This action appropriates \$800,000 to complete construction-related support activities for the industrial wastewater handling system at the Mills plant. This project has been evaluated and recommended by Metropolitan's CIP Evaluation Team, and funds are available within the fiscal year 2016/17 capital expenditure plan. See [Attachment 1](#) for the Financial Statement and [Attachment 2](#) for the Location Map.

This project is included within capital Appropriation No. 15452, the Mills Improvements Appropriation – FY 2006/07 Through 2011/12. With the present action, the total funding for Appropriation No. 15452 will increase from \$14,019,000 to \$14,819,000.

The total estimated cost to complete this project, including the amount appropriated to date and current funds requested, is \$5.38 million.

Project Milestone

October 2016 – Projected completion of the Mills industrial wastewater handling system

Policy

Metropolitan Water District Administrative Code Section 5108: Appropriations

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The project was previously determined by the Board to be categorically exempt under Classes 1, 2, 3, 4, and 6 (Sections 15301, 15302, 15303, 15304, and 15306 of the State CEQA Guidelines) on August 18, 2009. With the current action, there is no substantial change proposed since the original project was first approved in 2009. 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 on with regard to the proposed action.

The CEQA determination is: Determine that the proposed action has been previously addressed in the 2009 categorical exemptions (Classes 1, 2, 3, 4, and 6; Sections 15301, 15302, 15303, 15304, and 15306 of the State CEQA Guidelines) 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 that the proposed action has been previously addressed in the 2009 categorical exemptions, and

Appropriate \$800,000 to complete the Mills industrial wastewater handling system improvements.

Fiscal Impact: \$800,000 in capital funds under Appropriation No. 15452

Business Analysis: This option will enable staff to provide an adequate level of oversight for the extended duration of construction to complete the Mills industrial wastewater handling system.

Option #2

Do not appropriate funds to complete construction-related support activities for the Mills industrial wastewater handling system.

Fiscal Impact: None

Business Analysis: Under this option, staff would continue to monitor the contractor’s progress but would reduce the level of oversight on the remaining construction activities. Staff’s ability to enforce quality provisions within the specifications and to address claims may be diminished.

Staff Recommendation

Option #1


Gordon Johnson
Manager/Chief Engineer
Engineering Services

6/23/2016
Date


Jeffrey Kightlinger
General Manager

6/27/2016
Date

Attachment 1 – Financial Statement

Attachment 2 – Location Map

Financial Statement for Mills Improvements Appropriation – FY 2006/07 Through FY 2011/12

A breakdown of Board Action No. 16 for Appropriation No. 15452 for improvements to the Mills industrial wastewater handling system¹ is as follows:

	Previous Total Appropriated Amount (Oct. 2014)	Current Board Action No. 16 (July 2016)	New Total Appropriated Amount
Labor			
Studies & Investigations	\$ 1,455,600	\$ -	\$ 1,455,600
Final Design	1,750,600	-	1,750,600.00
Owner Costs (Program mgmt., permitting)	1,846,110	85,000	1,931,110.00
Submittals Review & Record Drwgs,	419,800	273,000	692,800.00
Construction Inspection & Support	910,500	200,000	1,110,500.00
Metropolitan Force Construction	1,405,329	14,000	1,419,329.00
Materials & Supplies	915,592	-	915,592.00
Incidental Expenses	192,700	4,000	196,700.00
Professional/Technical Services	1,071,400	-	1,071,400.00
Equipment Use	62,000	-	62,000.00
Contracts	3,836,196	-	3,836,195.50
Remaining Budget	153,173 ²	224,000	377,173.00
Total	\$ 14,019,000	\$ 800,000	\$ 14,819,000

Funding Request

Appropriation Name:	Mills Improvements Appropriation – FY 2006/07 Through FY 2011/12		
Source of Funds:	Revenue Bonds, Replacement and Refurbishment or General Funds		
Appropriation No.:	15452	Board Action No.:	16
Requested Amount:	\$ 800,000	Budget Page No.:	244
Total Appropriated Amount:	\$ 14,819,000	Total Appropriation Estimate:	\$ 27,500,000

¹ The total amount expended to date on the Mills industrial wastewater handling system is approximately \$3.4 million. The total estimated cost to complete the project, including the amount appropriated to date and current funds requested, is \$5.38 million.

² Includes reallocation from Remaining Budget for the following projects: (1) \$395,000 for design of the Mills Electrical Upgrades to minimize the plant's vulnerability to an unplanned power outage, and to stage the installation of a secondary incoming electrical service; (2) \$597,350 for installation of additional tank features and extended construction inspection for the Mills Sodium Hydroxide Tank Replacement contract; and (3) \$86,400 to complete design of the Mills industrial wastewater handling system.

Distribution System

