

CITY OF YUBA CITY  
STAFF REPORT

**Date:** October 6, 2009  
**To:** Honorable Mayor & Members of the City Council  
**From:** Public Works Department  
**Presentation by:** George Musallam, Public Works Director

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**Summary**

**Subject:** Walton 14-inch Water Distribution Line Project (Award of Contract)

**Recommendation:** a. Reject the bid submitted by Preston Pipelines of Sacramento, CA for failure to submit a bid security in accordance with Sections 20170 and 20171 of the Public Contract Code.

b. Award Contract No. 09-07, Walton 14-inch Water Distribution Line Project, to Lamon Construction of Yuba City, CA in the amount of their bid of \$2,489,895.00, contingent upon the approval of the California Department of Public Health.

c. Authorize the City Manager to execute the contract on behalf of the City, following approval by the City Attorney.

d. Authorize the Finance Director to make necessary supplemental appropriations in the amount of \$1,283,306 for work performed under the Walton 14-inch Water Distribution Line Project that is reimbursable through the American Recovery and Reinvestment Act, to Account No. 941092 (Water Line Extension Projects & Distribution Piping Enhancement).

e. Authorize the Finance Director to make necessary supplemental appropriations in the amount of \$1,658,332 for work performed under the Walton 14-inch Water Distribution Line Project that is reimbursable through the State Revolving Fund Loan Program, to Account No. 941052 (Distribution System – Transmission Mains, Phase 1).

f. Authorize a budget transfer in the amount of \$259,012 from Account No. 971098 (Water Capitalization Fund) to Account No. 971052 (Distribution System – Transmission Mains, Phase 1) to costs that are ineligible for reimbursement through the American Recovery and Reinvestment Act program or the State Revolving Fund loan program.

**Fiscal Impact:** \$1,283,306 – Account No. 941092 (Water Line Extension Projects & Distribution Piping Enhancement), fully funded by an ARRA grant and broken down as follows:

\$1,023,475 – Account No. 941092-65501 (Construction)  
\$ 50,000 – Account No. 941092-65502 (Design/Engineering)  
\$ 56,291 – Account No. 941092-65503 (Const/Admin Cost)  
\$ 153,540 – Account No. 941092-65504 (Contingency)

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\$1,658,332 – Account No. 941052 (Distribution System – Transmission Mains, Phase 1), fully funded by an SRF loan and broken down as follows:

\$1,219,742 – Account No. 941052-65501 (Construction)  
\$ 146,642 – Account No. 941052-65502 (Design/Engineering)  
\$ 71,985 – Account No. 941052-65503 (Const/Admin Cost)  
\$ 219,963 – Account No. 941052-65504 (Contingency)

\$259,012 – Account No. 971052 (Distribution System – Transmission Mains, Phase 1), fully funded by development impact fees or other City fees and broken down as follows:

\$246,678 – Account No. 971052-65501 (Construction)  
\$ 12,334 – Account No. 971052-65504 (Contingency)

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### **Background:**

The Walton 14-inch Water Distribution Line project consists of extending an existing water distribution main in Lincoln Road from Phillips Road to Walton Avenue. Refer to Exhibit A. This new water distribution main will help facilitate a conversion of the Yuba City Hillcrest Water System (HWS) from groundwater to surface water supply.

The project also includes a 30-inch transmission main crossing of State Route 99 and Gilsizer Slough. This 30-inch transmission main crossing of State Route 99 and Gilsizer Slough is required to complete the overall extension of the transmission main from the intersection of Cooper Avenue and B Street to a proposed storage tank site near the intersection of Lincoln Road and Ohleyer Road, as shown on Exhibit A. This new water transmission main will help facilitate a conversion of the HWS from groundwater to surface water supply and also provide service to future customers in the Lincoln East Specific Plan area.

The City has received a commitment from the California Department of Public Health (CDPH) to provide \$1,874,000 in federal funds available through the American Recovery and Reinvestment Act (ARRA) to install two water distribution lines associated with the HWS groundwater conversion, including the Walton 14-inch Water Distribution Line. The City has also received a commitment from CDPH to provide additional funds through the State Revolving Fund (SRF) loan program for additional costs associated with the HWS groundwater conversion, including a portion of the 30-inch transmission main components of the Walton 14-inch Water Distribution Line project.

On July 21, 2009, Council approved the plans and specifications for the Walton 14-inch Water Distribution Line Project and authorized the Public Works Department to advertise for bids.

### **Analysis:**

The project was advertised for bid in July, August, and September 2009. Plans and specifications were provided to local builder/contractor exchanges and purchased by 40 contractors/suppliers. On September 3, 2009, 10 bids were received and opened in the City Clerk's office. A list of the bids received and the engineer's estimate are shown below.

<u>Company</u>	<u>Bid Amount</u>
<sup>1</sup> Preston Pipelines, Sacramento	\$2,379,951.00
Lamon Construction, Yuba City	\$2,489,895.00
TerraCon Pipelines, Healdsburg	\$2,623,161.00
BRCO Constructors, Loomis	\$2,834,655.00
United Building Contractors, Chico	\$2,908,615.95
Marques Pipeline, Sacramento	\$2,957,254.00
McGuire and Hester, Oakland	\$3,024,261.50
Tidelands Construction Company, Brentwood	\$3,044,615.00
Argonaut Construction, Santa Rosa	\$3,130,618.00
<u>Bobby Martin Construction, Redding</u>	<u>\$3,148,598.00</u>
Engineer's Estimate	\$2,651,475.00

Notes:

1. Bid from Preston Pipelines did not include a bid security and cannot be considered per Sections 20170 and 20171 of the Public Contract Code.

Lamon Construction of Yuba City, CA is the low bidder. The bid submitted by Preston Pipelines did not include a bid security. In accordance with Sections 20170 and 20171 of the Public Contract Code, the City is prohibited from considering a bid that is submitted without a bid security. In consideration of the above, City staff recommends that Council reject the bid from Preston Pipelines for failure to provide a bid security in accordance with Section 20170 and 20171 of the Public Contract Code.

The ARRA and SRF funding requirements for this project require that the contractor put forth a good faith effort to utilize Disadvantaged Business Enterprise subcontractors. The State is reviewing the good faith effort of Lamon Construction, so the award of the project is contingent upon the State determining that the good faith effort meets the intent of the funding requirements.

The City has received an encroachment permit from Caltrans for the State Route 99 crossing. The Contractor is also required to obtain an encroachment permit from Caltrans in accordance with the project plans and specifications.

Contract administration and inspection of the project will be performed by Public Works Department staff, with assistance from Utilities Department staff with ARRA and SRF reporting requirements. Project construction is expected to begin in November and continue through September 2010, weather permitting.

Lincoln Road will be closed to through traffic between Buchanan Road and State Route 99 for a period of several weeks to accommodate the shafts necessary to construct trenchless crossings of State Route 99 and the Gilsizer Slough. Access for emergency service providers and adjacent property owners will be maintained at all times. Construction in the vicinity of Lincoln Elementary School will be restricted to weekends, school holidays, or non-peak school commute hours.

**Fiscal Impact:**

The Walton 14-inch Water Distribution Line project will receive funding from three sources: an ARRA grant (40%), a SRF loan (52%), and development impact fees/other City fees (8%). All components of the project directly attributable to the 14-inch water distribution line will be fully funded through the ARRA grant program. The SRF loan program will fund the equivalent of a 24-inch transmission main. The cost of increasing the transmission main to a 30-inch pipeline per the City's Water Master Plan will be funded by development impact fees. HWS surcharges will fund 43% of the total project cost, while development impact fees and other city fees will fund 17% of the total project cost. The remaining 40% of the total project cost will be funded by the ARRA grant. The funding commitment breakdown for the Walton 14-inch Water Distribution Line is as follows:

Cost Classification	ARRA Funding	SRF Funding	Impact Fees	Total
A. Construction Costs	\$1,023,475	\$1,219,742	\$246,678	\$2,489,895
B. Engineering Costs	\$50,000	\$146,642	-	\$196,642
C. Constr. Mgmt. & Inspection	\$56,291	\$71,985	-	\$140,610
D. Contingencies	\$153,540	\$219,963	\$12,334	\$373,503
Total Cost:	\$1,283,306	\$1,658,332	\$259,012	\$3,200,658

The Funding Agreements for the ARRA grant and SRF loan will be set up such that the City will have to request reimbursement from the State for eligible project costs. Start up costs for the project will initially be funded through the Water Capitalization Fund until such time as reimbursement monies are collected from the State and deposited into the project account.

**Alternatives:**

Do not award the contract and reject all bids.


**Recommendation:**

- a. Reject the bid submitted by Preston Pipelines of Sacramento, CA for failure to submit a bid security in accordance with Sections 20170 and 20171 of the Public Contract Code.
- b. Award Contract No. 09-07, Walton 14-inch Water Distribution Line Project, to Lamson Construction of Yuba City, CA in the amount of their bid of \$2,489,895.00, contingent upon the approval of the California Department of Public Health.
- c. Authorize the City Manager to execute the contract on behalf of the City, following approval by the City Attorney.
- d. Authorize the Finance Director to make necessary supplemental appropriations in the amount of \$1,283,306 for work performed under the Walton 14-inch Water Distribution Line Project that is reimbursable through the American Recovery and Reinvestment Act, to Account No. 941092 (Water Line Extension Projects & Distribution Piping Enhancement).
- e. Authorize the Finance Director to make necessary supplemental appropriations in the amount of \$1,658,332 for work performed under the Walton 14-inch Water Distribution Line

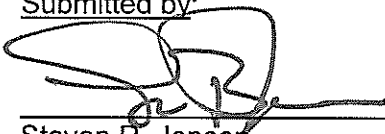
Project that is reimbursable through the State Revolving Fund Loan Program, to Account No. 941052 (Distribution System – Transmission Mains, Phase 1).

- f. Authorize a budget transfer in the amount of \$259,012 from Account No. 971098 (Water Capitalization Fund) to Account No. 971052 (Distribution System – Transmission Mains, Phase 1) to costs that are ineligible for reimbursement through the American Recovery and Reinvestment Act program or the State Revolving Fund loan program.

Prepared by:

  
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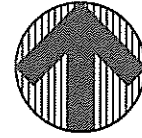
Department Head

Finance

City Attorney

  
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# EXHIBIT A



SCALE: 1" = 2,000'

