

**CITY OF SANTA BARBARA****COUNCIL AGENDA REPORT****DRAFT****AGENDA DATE:** June 21, 2011**TO:** Mayor and Councilmembers**FROM:** Water Resources Division, Public Works Department  
Engineering Division, Public Works Department**SUBJECT:** Introduction Of Ordinance And Contract For Construction For The  
Cater Water Treatment Plant Advanced Treatment Project**RECOMMENDATION:** That Council:

- A. Waive minor bid irregularities, reject the bid protests of Auburn Constructors and Doty Brothers Equipment Company, and award a contract to Cushman Contracting Corporation (CCC), in their low bid amount of \$13,980,000 for construction of the Cater Water Treatment Plant Advanced Treatment Project (Ozone Project), Bid No. 3564;
- B. Authorize the Public Works Director to execute the contract and approve expenditures up to \$1,398,000 to cover any cost increases that may result from contract change orders for extra work and differences between estimated bid quantities and actual quantities measured for payment;
- C. Authorize the Public Works Director to execute a contract with Carollo Engineering (Carollo) in the amount of \$651,000 for design support services during construction, and approve expenditures of up to \$65,100 for extra services of Carollo that may result from necessary changes in the scope of work;
- D. Authorize the Public Works Director to execute a contract with Mimiaga Engineering Group (MEG) in the amount of \$1,646,466 for construction management services, and approve expenditures of up to \$164,647 for extra services of MEG that may result from necessary changes in the scope of work;
- E. Authorize the Public Works Director to execute a contract with Systems Integrated (SI) in the amount of \$634,718.27 for Supervisory Control and Data Acquisition (SCADA) integration services, and approve expenditures of up to \$63,471.83 for extra services of SI that may result from necessary changes in the scope of work; and
- F. Introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara authorizing the City Administrator to approve a Contribution Agreement, in a Form Acceptable to the City Attorney, For the Montecito Water District's (MWD) Participation in the Safe Drinking Water State Revolving Fund (SDWSRF) Loan.

## Council Agenda Report

### Introduction Of Ordinance And Contract For Construction For The Cater Water Treatment Plant Advanced Treatment Project

June 21, 2011

Page 2

#### **EXECUTIVE SUMMARY:**

Nine bids were received for the Ozone Project; the lowest bidder was CCC. Staff recommends that Council waive the minor bid irregularity and authorize the Public Works Director to accept the low bid and enter into a contract with CCC. Staff recommends that Council authorize the Public Works Director to enter into a contract with Carollo, MEG, and SI, and authorize the General Services Manager to issue a purchase order to PRA for services during construction. Staff also recommends that Council authorize the City Administrator to negotiate and execute a contribution agreement with MWD that will allow MWD to fund their portion of the project through the SDWSRF loan, and make principal and interest payments to the City for their portion of the project.

#### **DISCUSSION:**

##### PROJECT DESCRIPTION

The Cater Water Treatment Plant (Cater) treats the water for the City of Santa Barbara and the Montecito and Carpinteria Valley Water Districts. The Ozone Project is the culmination of many years of work to determine the best solution for the South Coast water agencies to comply with the upcoming Stage 2 Disinfection By-Products Rule (Stage 2 Rule), which will lower the allowable level of disinfection by-products (DBPs) in drinking water. The California Department of Public Health will enforce the Stage 2 Rule in 2012.

The Ozone Project is a centralized solution for addressing the Stage 2 Rule that includes the installation of an ozonation facility at Cater, along with supporting chemical stations and a dewatering facility. The Ozone Project will also include replacing four booster pumps that supply the water to the Montecito and Carpinteria Valley Water Districts via the South Coast Booster Pump Station. The Ozone Project will enable South Coast water agencies to consistently comply with the Stage 2 Rule, and it will also provide better tasting water.

City staff presented the Ozone Project to, and received concurrence from, the Boards of Directors for both the Montecito and the Carpinteria Valley Water Districts to proceed with the project. Through a Joint Powers Agreement, the two agencies will pay 39% of the total project costs, which will be approximately \$20.7 million, for the Ozone Project, including the pilot studies, design, construction, and all associated costs.

Because the Ozone Project addresses upcoming water regulation compliance, it is eligible for funding through a low interest SDWSRF loan. On January 13, 2009, Council authorized the City Administrator to apply for a SDWSRF loan for the Ozone Project on behalf of the City.

On November 17, 2009, Council adopted Resolution No. 09-090, authorizing a Notice Of Application Acceptance (NOAA) for a SDWSRF loan and authorizing officers to act

Council Agenda Report

Introduction Of Ordinance And Contract For Construction For The Cater Water Treatment Plant Advanced Treatment Project

June 21, 2011

Page 3

on behalf of the City. Council amended the Resolution on November 16, 2010, to clarify the source of City funds to repay the loan and add language that pledged and dedicated the source of the revenue for the loan.

On January 24, 2011, the City received a funding agreement for a 20-year, 2.5017% interest loan from the California Department of Public Health for the above loan amount.

On March 15, 2011, Council authorized acceptance of the loan in the amount of \$29,283,000 from the SDWSRF for the Ozone Project and increased the appropriations and revenues by \$29,283,000 in the Water Capital Fund. Approximately \$20.7 million will fund the Ozone Project; the remainder of the loan will be used to fund a future water quality project.

The City executed the SDWSRF loan documents with the California Department of Public Health on March 24, 2011.

**CONTRACT BIDS**

A total of nine bids were received for the subject work, ranging as follows:

<b>BIDDER</b>	<b>BID AMOUNT</b>
1. Cushman Contracting Corp., Santa Barbara, CA	\$13,980,000
2. Auburn Constructors, Inc., Sacramento, CA	\$14,346,300
3. Stanek Constructors, Inc., Escondido, CA	\$14,628,325
4. Doty Bros. Equipment Co., Norwalk, CA	\$14,769,355
5. W. M. Lyles Co., Bakersfield, CA	\$15,418,000
6. PCL Construction, Inc., San Marcos, CA	\$15,908,125
7. C. W. Roen Construction, Danville, CA	\$16,236,000
8. Parsons RCI, Inc., Sumner, WA	\$17,835,794
9. Lash Construction, Inc., Santa Barbara, CA	\$18,777,601*

\*The original total bid amount that Lash provided was incorrect.

Staff recommends that Council waive minor bid irregularities and reject the bid protests of Auburn Constructors, Inc. and Doty Bros. Equipment Co., discussed below.

Staff recommends that Council award and authorize the Public Works Director to execute a contract with CCC in the amount of \$13,980,000.

The change order funding recommendation of \$1,398,000, or 10%, is typical for this type of work and size of project.

## Council Agenda Report

### Introduction Of Ordinance And Contract For Construction For The Cater Water Treatment Plant Advanced Treatment Project

June 21, 2011

Page 4

#### BID PROTEST

Two bid protests were filed in a timely manner by the second and fourth bidders, Auburn Constructors, Inc. (Auburn), and Doty Bros. Equipment Co. (Doty). Auburn and Doty's protests assert that due to technical flaws, errors, and a disregard for bid instructions, CCC's bid should be rejected and the Ozone Project should be awarded instead to each of the respective protesters. Subsequently, the City, Auburn, and Doty have corresponded in writing on several occasions which is outlined in the indexed Reading File for this Agenda item located in the City Clerk's Office. Staff has thoroughly investigated each of the allegations made by Auburn and Doty and their respective attorneys, and has found no evidence or proper basis that would support the rejection of the low bidder in favor of Auburn or Doty. Staff finds CCC's proposal to be responsive to the request for bids and recommends that Council reject the bid protests filed by Auburn and Doty and proceed with award of the contract to CCC. For more information, please review all of the materials in the indexed Reading File that also includes a non-legal summary of each of the issues raised in the protests.

#### CONSTRUCTION PHASE CONTRACT SERVICES

Staff recommends that Council authorize the Public Works Director to execute a contract with Carollo in the amount of \$651,000 for design support services during construction and approve expenditures of up to \$65,100 for extra services that may result from necessary changes in the scope of work. The extra services funding recommendation of 10% is typical for this scope of work. Carollo designed the Ozone Project and is experienced in this type of work.

Staff recommends that Council authorize the Public Works Director to execute a contract with MEG in the amount of \$1,646,466, with \$164,647 in extra services for construction management services that may result from necessary changes in the scope of work. The cost of the extra services is 10% and is typical for this scope of work. MEG was selected to provide this service by a Request For Proposal (RFP) process. MEG staff participated in construction management service for the previous Cater project and is experienced in this type of work.

Staff recommends that Council authorize the Public Works Director to execute a contract with SI in the amount of \$634,718.27 with \$63,417.83 in extra services for SCADA integration services that may result from necessary changes in the scope of work. Due to the specialization of this work and the interaction with Cater staff, the City chose to retain the contract for this work rather than have it provided by the contractor. SI was selected to provide this service by an RFP process which included integrators from the City's pre-qualified list. SI is experienced in this type of work.

#### COMMUNITY OUTREACH

Council Agenda Report

Introduction Of Ordinance And Contract For Construction For The Cater Water Treatment Plant Advanced Treatment Project

June 21, 2011

Page 5

During the design process, several Community Outreach meetings were held for the neighboring area to discuss the impact of construction. Neighbors were also notified and participated in the Planning Commission and Historic Landmarks Committee processes for the Ozone Project. Neighbors will receive notification prior to the start of construction.

FUNDING

On March 15, 2011, Council authorized acceptance of a loan in the amount of \$29,283,000 from the SDWSRF for the Ozone Project and increased the appropriation and revenue by \$29,283,000 in the Water Capital Fund. A portion of these proceeds will fund the Ozone Project. MWD will fund their portion of the project through participation in the SDWSRF loan. Carpinteria Valley Water District will be invoiced monthly for their portion of the Ozone Project cost.

The following summarizes the expenditures recommended in this report:

**CONSTRUCTION CONTRACT FUNDING SUMMARY**

	<b>Basic Contract</b>	<b>Change Funds</b>	<b>Total</b>
Contractor	\$13,980,000.00	\$1,398,000.00	\$15,378,000.00
Carollo	\$651,000.00	\$65,100.00	\$716,100.00
MEG	\$1,646,466.00	\$164,647.00	\$1,811,113.00
SI	\$634,718.27	\$63,471.83	\$698,190.10
<b>TOTAL RECOMMENDED AUTHORIZATION</b>			<b>\$18,603,403.10</b>

The following summarizes all Ozone Project design costs, construction contract funding, and other Ozone Project costs:

**ESTIMATED TOTAL PROJECT COST**

*\*Cents have been rounded to the nearest dollar in this table.*

Design (by Contract)	\$1,645,000
City Staff Costs (including survey)	\$247,000
<b>Subtotal</b>	<b>\$1,892,000</b>
Construction Contract	\$13,980,000
Construction Change Order Allowance	\$1,398,000
Construction Management/Inspection (by Contract)	\$1,811,113
Design Support during Construction (by Contract)	\$716,100
SCADA Integration (by Contract)	\$698,190
<b>Subtotal</b>	<b>\$18,603,403</b>
Construction Administration (by City Staff)	\$147,000
Construction Survey (by City Staff)	\$55,500
<b>Subtotal</b>	<b>\$202,500</b>
<b>TOTAL PROJECT COST</b>	<b>\$20,697,903</b>

**SUSTAINABILITY IMPACT:**

The Ozone Project is an Environmental Protection Agency regulatory mandate and will incur increased environmental impacts, including increased truck trips and electrical usage. However, staff has worked closely with the consultant to limit the extent of the impacts.

**PREPARED BY:** Cathy Taylor, Water System Manager/LS/mj  
 Joshua Haggmark, Principal Civil Engineer/LS/mj

**SUBMITTED BY:** Christine F. Andersen, Public Works Director

**APPROVED BY:** City Administrator's Office

ORDINANCE NO. \_\_\_\_\_

City of Santa Barbara Agreement No. \_\_\_\_\_

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SANTA BARBARA APPROVING THE CATER WATER FILTRATION PLANT IMPROVEMENTS CONTRIBUTION AGREEMENT WITH MONTECITO WATER DISTRICT PROVIDING FOR THE CONTRIBUTION OF MONTECITO WATER DISTRICT TO REPAYMENT OF DEBT SERVICE FOR THE CATER WATER TREATMENT PLANT ADVANCE TREATMENT PROJECT DATED FEBURARY 3, 2011.

THE COUNCIL OF THE CITY OF SANTA BARBARA DOES ORDAIN AS FOLLOWS:

SECTION 1. In accordance with the provisions of Section 521 of the Charter of the City of Santa Barbara the Cater Water Filtration Plant Improvements Contribution Agreement with Montecito Water District is hereby approved.

Introduction Date: June 6, 2006

Adoption Date: June 13, 2006