SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. V-A.**

FROM: Steve Mack, General Manager

Meeting Date : **June 7, 2012**

Subject: AWARD OF 2013 CIP CONSTRUCTION CONTRACT

RECOMMENDED ACTION: Approve Resolution 12-11 which conditionally awards the 2013 CIP construction contract to Valentine Corporation for a not to exceed amount of $969,401 and authorizes the General Manager to approve change orders for a total amount not to exceed $96,940 with no single change order exceeding $25,000.

FISCAL IMPACT: $969,401, plus up to $96,940 in possible change orders, for a total amount of $1,066,341, approximately 75% to be funded from Sonoma County Community Redevelopment Agency (RDA) grant funding which was approved in April 2011 by the RDA and 25% from the Sweetwater Springs Water District Net Operating Revenues and Reserves.

DISCUSSION:

Replacement of aging water main infrastructure is an important activity of the Sweetwater Springs Water District. Toward that end the District has developed a multiyear capital improvement program that has prioritized the capital infrastructure that needs to be replaced or improved. The District is currently working on the FY 2013 CIP as described in Table 1 below:

Table 1. Sweetwater Springs Water District 2013 Capital Improvement Project (CIP)

Year	Projects	Estimated Cost
2013		
	Starrett Hill Road (MR) Replace approximately 1760 ft of main line, 22 services.	$380,000
	Lovers Lane (GV) Replace approximately 1440 ft of main line, 24 services.	$300,000
	Middle Terrace (MR) Replace approximately 1,375 ft of main line, 17 services.	$290,000
	Canyon Seven Rd (GV) – Eliminate dead end mains and create loops by installing 1,950 lf of new main and appurtenances in Canyon Seven Rd between Sequoia Rd and Paradise Ln.	$329,000
	2013 Total	**$1,299,000**
	75% FY 2013 CIP RDA Grant	**$974,250**

This construction project was advertised on May 10, 2012, and 3 bids were received and opened on May 31, 2011 in accordance with bid instructions. The bidders and bid amounts are shown in Table 2 below. Coastland Civil Engineering (Coastland), the firm providing design and construction management services for this project, has reviewed the bids and determined that Valentine Corporation is the apparent low bidder for the amount of $969,401. At the time of the writing of this agenda report Coastland is in the process of determining whether Valentine Corporation has the proper licenses to perform the 2013 CIP and otherwise is qualified to complete the 2013 CIP. Valentine Corporation is based in San Rafael and has a good reputation, including successful installation of HDPE distribution systems which are included in the Starrett Hill and Middle Terrace elements of this project. Coastland's investigation will determine if the bid of Valentine Corporation complies with the bid instructions and is responsive to the proposal requirements. We will inform you by email when Coastland gives us a final determination.

The work authorized under this contract is scheduled to start within 10 days of notice to proceed and, according to the contract, will be completed within 90 working days of the notice to proceed. The work involves repair, replacement and/or reconstruction of existing water main distribution lines, and the installation of water "services" and fire hydrants. The work is in the same general location as existing facilities and will result in no expansion of system capacity.

Assuming the contract goes to Valentine Corporation, the contract amount is $969,401 which is $63,807 under the engineer's estimate of probable cost of $1,033,208. As shown in Table 2, the next lowest bid was approximately $380,000 higher. Perhaps the excellent bidding climate is disappearing. The Request for Proposals included requirements for successful experience with installation of HDPE systems and that may have shortened the bidding field a bit.

The staff recommendation includes authorization for the General Manager to approve up to $96,940 in total change order authority for work not anticipated by the contract with no single change order exceeding $25,000. When combined with the change order authority, the total amount of this construction contract is $1,066,341. Design and construction management costs for the project are a not-to-exceed amount of $223,037 which puts the total project cost at $1,289,378 which is very close to the original estimated cost in Table 1.

This contract will be funded approximately 75% by a grant from the RDA (up to the estimated project cost of $1,299,000) and 25% from the Net Operating Revenues and District Reserves. Any costs over the $1,299,000 estimate will be 100% funded by the District. The work is part of the District's Capital Improvement Program and will provide important and necessary improvements to the District's distribution system.

The RDA was dissolved by the State Legislature and its funding obligations have been taken over by the County of Sonoma as Successor to the Sonoma County Redevelopment Agency. This agency has continued to include this project in its Recognized Obligation Payment Schedule (ROPS) and we believe we can count on this grant funding to be fulfilled.

Assuming a positive review by Coastland, staff recommends approval of Resolution 12-11 which conditionally awards the 2013 CIP construction contract to Valentine Corporation for a not to exceed amount of $969,401, based on the Board's determination that Valentine Corporation is a responsible bidder and the bid submitted by Valentine Corporation is responsive, and authorizes the General Manager to approve change orders for an amount not to exceed $96,940, with no single change order exceeding $25,000. The conditions of the bid award include Valentine Corporation's timely delivering a duly executed Project contract and submitting all required documents, including properly executed bonds, certificates of insurance and endorsements, pursuant to the Project bid documents. Again, if we get a contrary report from Coastland, we will let you know.

Table 2. 2013 Capital Improvement Project Bid Summary	
Bidder Name	Bid Amount
Piazza Construction	$1,353,885
Team Ghilotti	$1,448,708
Valentine Corporation	$969,401

Resolution No. 12-11

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SWEETWATER SPRINGS WATER DISTRICT APPROVING THE CONSTRUCTION PROJECT BUDGET AND AWARDING THE CONTRACT FOR THE FY 2013 CAPITAL IMPROVEMENT PROJECT TO VALENTINE CORPORATION IN THE SUM OF $969,401, AND AUTHORIZING THE GENERAL MANAGER TOTAL CHANGE ORDER APPROVAL OF $96,940 AND SINGLE CHANGE ORDER APPROVAL UP TO $25,000

WHEREAS, District staff, including consulting engineering services employed by the District, prepared construction bid documents and advertised for construction of the FY 2013 Capital Improvement Project. ("Project"); and

WHEREAS, District staff solicited bids for the Project on May 10, 2012; and

WHEREAS, on May 31, 2012, 3 bids were received and opened in accordance with the bid instructions; and

WHEREAS, the lowest bid for the Project was from Valentine Corporation in the amount of $**969,401**and

WHEREAS, staff has determined that the Valentine Corporation bid satisfies the bidding requirements for the Project; and

WHEREAS, staff has verified that Valentine Corporation possesses the required licenses and is otherwise qualified to perform the Project; and

WHEREAS, the Project involves the replacement or reconstruction of existing facilities and will result in negligible or no expansion of capacity, thus the Project is exempt from environmental review, pursuant to the California Environmental Quality Act ("CEQA") and Title 14, the California Code of Regulations ("CEQA Guidelines"), section 15301(b) and 15302(c); and

WHEREAS, the Project has been approved by the Russian River Redevelopment Oversight Committee (RRROC), and the Sonoma County Community Redevelopment Agency (RDA) for approximately 75% grant funding of the project, with the remaining amount funded by the District and the County of Sonoma as Successor to the Sonoma County Redevelopment Agency has continued to include this project in its Recognized Obligation Payment Schedule (ROPS). The District has adequate funds to fund its portion of the project funding amount; and

WHEREAS, notwithstanding the above-referenced bid amount, it is anticipated that the Project will have a certain amount of unanticipated construction issues during construction necessitating change orders; and

WHEREAS, it is of importance to the contractor and District alike that construction not be unduly delayed; and

WHEREAS, the General Manager is familiar with the project and will be monitoring construction.

NOW, THEREFORE BE IT RESOLVED, that the District Board of Directors hereby:

1. Approves the Project construction contract in the amount of $969,401; and

2. Waives any and all non-conformance in the bid of Valentine Corporation for the Project; and

3. Finds the bid in the amount of $969,401 to be the lowest responsive bid and further finds that Valentine Corporation is a responsible bidder; and

4. Awards the contract for the 2013 Capital Improvement Project to Valentine Corporation in the amount of $969,401, the amount of the lowest responsive bid, conditioned on Valentine Corporation timely executing the Project contract and submitting all required documents, including, but not limited to, executed bonds, certificates of insurance, and endorsements, in accordance with the Project bid documents; and

5. Directs staff to issue a Notice of Award to Valentine Corporation; and

6. Authorizes and directs the General Manager to execute the Project contract on behalf of the District upon timely submission by Valentine Corporation of the signed Project contract and all other required contract documents, in accordance with the contract bid instructions; and

7. Authorizes the General Manager to approve change orders on the Project without Board approval up to $25,000 per change order, with total change order approval not to exceed $96,940.

I hereby certify that the foregoing is a full, true, and correct copy of a Resolution duly and regularly adopted and passed by the Board of Directors of the SWEETWATER SPRINGS WATER DISTRICT, Sonoma County, California, at a meeting held on June 7, 2012, by the following vote.

Director	Aye	No
Sukey Robb-Wilder	_____	_____
Jim Quigley	_____	_____
Richard Holmer	_____	_____
Gaylord Schaap	_____	_____
Victoria Wikle	_____	_____

_____
Sukey Robb-Wilder
President of the Board of Directors

_____
Attest: Julie A. Kenny
Clerk of the Board of Directors