



# CITY OF LODI COUNCIL COMMUNICATION

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**AGENDA TITLE:** Adopt Resolution Certifying Negative Declaration and Authorizing City Manager to Execute Contracts for Construction, Testing and Inspection, and Construction Administration for White Slough Water Pollution Control Facility Phase 3 Improvements Project (\$17,543,774 Contracts) and to Adjust Existing Appropriations (\$20,600,000 Total Project)

**MEETING DATE:** April 10, 2007

**PREPARED BY:** Public Works Director

**RECOMMENDED ACTION:** Adopt a resolution certifying the negative declaration and authorizing the City Manager to execute the construction contract for the above project to Western Water Constructors, Inc., of Santa Rosa (\$16,387,000); the testing and inspection contract to Krazan & Associates, of Modesto (\$354,320); the environmental survey to LSA & Associates, of Rocklin (\$2,000); and the construction administration services contract with West Yost & Associates (\$800,454) and to adjust existing appropriations. The appropriation adjustments include closing completed engineering tasks and projects with no net increase in appropriations.

**BACKGROUND INFORMATION:** The City has made substantial progress on the State-mandated improvements at the White Slough Water Pollution Control Facility. Phase 1 – Interim Aeration Improvements and miscellaneous electrical and earthwork improvements was completed in 2003. Phase 2 – Year 2004 Improvements Project, which was completed in 2006, included the installation of tertiary filters, UV disinfection equipment, additional aeration improvements, emergency generator, and associated electrical and mechanical facilities.

The Phase 3 project includes the construction of an additional secondary clarifier, an additional digester, aeration basins, headworks modifications, minor administration building modifications, and associated electrical, mechanical, utility, site preparation and demolition work. The improvements to the secondary process are necessary to meet current and anticipated State of California regulatory requirements and improve treatment process reliability.

### Negative Declaration

The California Environmental Quality Act (CEQA) requires that projects be reviewed for their potential to create environmental impacts. The process requires that potential areas of impact be identified and a level of significance assessed. Staff and our consultants prepared an Initial Study/Proposed Negative Declaration to review and assess potential impacts. The Initial Study/Proposed Negative Declaration was sent to various agencies for review, was published, and we posted our intent to issue a Negative Declaration for the required 30-day period, from January 30, 2007 through March 1, 2007. This project was found to have no significant impacts that could not be mitigated by making changes to, or placing conditions on, the project. The City did not receive any comments from any reviewing agencies concerning environmental impacts of this project.

APPROVED: \_\_\_\_\_  
Blair King, City Manager

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In conclusion, staff finds that the proposed project has complied with environmental requirements and is therefore exempt from further review under CEQA. Negative Declaration ND-06-01 adequately addresses potential environmental impacts that could occur as a result of this project. No significant impacts are anticipated that can not be mitigated by conditions placed on the project.

### **Contract Awards**

Plans and specifications for this project were approved on January 17, 2007. A prequalification process was included to determine eligible bidders and ensure that bidding contractors have the necessary background to perform the work. The bid opening for the construction contract was March 15, 2007, and the following three bids were received.

<b>Bidder</b>	<b>Location</b>	<b>Bid</b>
Engineer's Estimate		\$ 23,000,000
Western Water Constructors, Inc.	Santa Rosa	\$ 16,387,000
C. W. Roen Construction	Danville	\$ 17,472,000
Pacific Mechanical Corp.	Concord	\$ 18,021,000

Staff recommends awarding the construction contract to Western Water Constructors, Inc. In addition to submitting the lowest bid, Western Water Constructors has provided satisfactory work on the White Slough Phase 1 and 2 projects.

Testing and Inspection services for Phase 1 and 2 were provided by Krazan & Associates. Krazan & Associates also provides an inspector who acts as the Building Inspector and has been approved by the Building Department to represent their interests. This is a Time and Materials contract.

Staff recommends LSA & Associates perform the environmental survey work. Three proposals were received for the Environmental Survey Work: LSA (\$2,000), Krazan & Associates (\$3,200) and SWCA Environmental Consultants (\$3,310).

Staff recommends West Yost & Associates perform the construction administration services. As the Design Engineer for this project, West Yost is ideally suited to perform these duties. This is a Time and Materials contract with a not-to-exceed maximum.

The total project estimate for Phase 3 is \$20,600,000 which includes: prepurchased equipment, construction administration services, Environmental Survey, construction contract, testing and inspection contract, construction contingencies and other project-associated expenses.

### **Appropriation Adjustments**

This project, as well as other related projects for the White Slough treatment facility, was included in the current fiscal year budget, with essentially "place-holder" amounts. Other projects are ones carried over from previous years. Some of these carry-over projects are completed and the remaining funds should be made available for this project as shown below:

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<u>Project/Task</u>	<u>Balance (rounded)</u>	<u>Notes</u>
Phase 1 Design	\$144,000	Completed
Value Engineering	19,000	Completed
Capacity Fee Update	8,000	Completed
Standby Power Design	11,000	Completed
Phase 2 Improvements	1,301,000	Completed
Phase 3 Design	1,600,000	Completed
Land Acquisition	5,000,000	Project on hold/defer
Wetland	5,000,000	Project on hold/defer
Alternative Discharge Study	212,000	Completed
Bishop Cut Flow Monitoring	<u>26,000</u>	Completed
<b>Total:</b>	<b>\$13,321,000</b>	

The Phase 3 Construction amount budgeted in the 2007 Budget is \$16,000,000. Thus, the total appropriations for White Slough is just over \$29 million. The total Phase 3 project, including all project elements, is \$20.6 million as shown below:

<b>Item</b>	<b>Amount</b>
<b>Construction</b>	
Construction Contract (Western Water)	\$16,387,000
Repair 48" Domestic Outfall Line	\$80,000
Plan Check/Permit Fee Estimate	\$135,000
Plan Printing Costs Estimate	\$10,000
Project Management (City Staff)	\$240,000
Copy/Shipping Expenses Estimate	\$5,000
Environmental Inspection (LSA & Assoc.)	\$2,000
Testing & Inspection (Krazan & Assoc.)	<u>\$354,320</u>
<b>Construction Total</b>	<b>\$17,213,320</b>
<b>Equipment Purchase</b>	
Office Furniture	\$10,000
Admin Building Equipment	\$10,000
Aeration System Upgrade PO (Parkson)	<u>\$609,029</u>
<b>Equipment Total</b>	<b>\$629,029</b>
<b>Engineering Services</b>	
WYA Additional Design Services	\$65,000
WYA Contract Administration	<u>\$800,454</u>
<b>Engineering Total</b>	<b>\$865,454</b>
<b>Project Total</b>	<b>\$18,707,803</b>
Project Contingency	<u>\$1,892,197</u>
<b>Phase 3 Project Total Budget</b>	<b>\$20,600,000</b>

Upon approval, staff will amend the appropriations accordingly. (See Fiscal Impact section below.)

**Future Issues and Projects**

In 2003, as the City commenced Phase 1 of the treatment upgrades to the White Slough Facility, cost estimates for the three proposed phases totaled nearly \$52 million. In 2004, when a rate and financing study was conducted, total costs were estimated at \$48 million, and rates and our financing plan were adjusted accordingly. Now, in 2007, the total of the three phases is estimated at approximately \$44 million. While this is a very positive result of thoughtfully planning, designing and building the improvements, a number of future projects and uncertainties still need to be considered. They include:

<b><u>Issue/Project</u></b>	<b><u>Potential Cost</u></b>	<b><u>Notes</u></b>
Land Acquisition	Unknown	The need for additional land, both in terms of area and cost, is still uncertain. Given that the Facility currently (and for the near future) can meet discharge standards, and the future potential of utilizing recycled water on other lands, additional land may not be needed. Our land needs are dependent on land application of biosolids and industrial wastewater. While we believe our next State permit will contain more conditions on land application, we have not seen a draft permit and are currently studying alternatives to meet the conditions we believe will be placed. In addition, prices have risen on surrounding land which may make the cost of other alternatives more feasible.
Treatment Wetland	\$5+ million	Much of the cost of the Phase 3 project includes aeration capacity to reduce nitrogen in the effluent, which was one of the purposes of the wetland. Other purposes – reducing temperature and metals – may not be necessary pending the results of site-specific receiving water studies which we believe will be allowed in our new permit.
Salinity	Unknown, but \$\$\$	Our new permit will include a limit on salinity, but based on conversations with Regional Board staff, we will be able to meet this limit.
Storage Ponds	\$3 to \$6 million	Additional storage will likely be needed to provide operational flexibility to manage plant upsets and irrigation demands. Additional storage will certainly be needed if a recycled water distribution system is implemented. Studies on these needs are underway.
Trunk Sewer Rehabilitation	\$7.5 million	Although the Phase 3 project includes some minor repairs on the pipeline between Lodi and the Facility, the entire length of the line is in need of rehabilitation in the next year.

Other regulatory issues/studies	\$0.5+ million	In the next few years, the City will need to continue with groundwater monitoring and evaluation and the receiving water studies mentioned above. In addition, the San Joaquin Valley Air Pollution Control District is proposing new rules on land application of biosolids, animal manure and chicken litter which could affect our biosolids land application practices.
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**FISCAL IMPACT:** As noted above, the rate increase adopted in 2004 assumed a three-phase project and included allowances for three COP financings, and two financings have been done. Approximately \$13.3 million of proceeds from the second financing is still available for this project and an additional \$1.5 million in wastewater impact fees is also available. Thus, the third financing, which will be needed to complete this project, will not have to be made immediately. Staff will be working with our financial advisor on the timing and amount of future financing(s), taking into account the above described issues and projects, as well as potentially refinancing the older 1991 Certificates of Participation if it makes financial sense.

**FUNDING AVAILABLE:**

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Kirk Evans, Budget Manager

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Richard C. Prima, Jr.  
Public Works Director

Prepared by Gary Wiman, Construction Project Manager

cc: Charles Swimley, Water Services Manager  
Del Kerlin, Wastewater Treatment Superintendent  
Bruce West, West Yost and Associates  
Tom Dunphy, LaMont Financial Services

RESOLUTION NO. 2007-\_\_\_\_\_

A RESOLUTION OF THE LODI CITY COUNCIL CERTIFYING THE  
NEGATIVE DECLARATION AND AUTHORIZING CITY MANAGER  
TO EXECUTE CONTRACTS FOR CONSTRUCTION, TESTING AND  
INSPECTION, AND CONSTRUCTION ADMINISTRATION FOR  
WHITE SLOUGH WATER POLLUTION CONTROL FACILITY  
PHASE 3 IMPROVEMENTS PROJECT, AND TO FURTHER  
ADJUST EXISTING APPROPRIATIONS

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WHEREAS, the City has made substantial progress on the State-mandated improvements at the White Slough Water Pollution Control Facility. Phase 1–Interim Aeration Improvements and miscellaneous electrical and earthwork improvements were completed in 2003; and

WHEREAS, Phase 2 – Year 2004 Improvements Project, which was completed in 2006, included the installation of tertiary filters, UV disinfection equipment, additional aeration improvements, emergency generator, and associated electrical and mechanical facilities; and

WHEREAS, the Phase 3 project includes the construction of an additional secondary clarifier, an additional digester, aeration basins, headworks modifications, minor administration building modifications, and associated electrical, mechanical, utility, site preparation, and demolition work. The improvements to the secondary process are necessary to meet current and anticipated State of California regulatory requirements and improve treatment process reliability; and

WHEREAS, City staff and consultants prepared an initial Study/Proposed Negative Declaration to review and assess potential impacts, which was reviewed by various agencies with no comments received, published and the City posted its intent to issue a Negative Declaration for the required 30-day period, from January 30, 2007 through March 1, 2007; and

WHEREAS, following the environmental review of the project, it was determined that there were no significant environmental impacts that could not be adequately mitigated and staff therefore recommends that the City Council certify the filing of a Negative Declaration as adequate environmental documentation for the White Slough Water Pollution Control Facility Phase 3 Improvements Project; and

WHEREAS, in answer to notice duly published in accordance with law and the order of this City Council, sealed bids were received and publicly opened on March 15, 2007, at 11:00 a.m., for the White Slough Water Pollution Control Facility Phase 3 Improvements Project, described in the specifications therefore approved by the City Council on January 17, 2007; and

WHEREAS, said bids have been compared, checked, and tabulated and a report thereof filed with the City Manager as follows:

<b>Bidder</b>	<b>Location</b>	<b>Bid</b>
<b>Engineer's Estimate</b>		<b>\$23,000,000</b>
Western Water Constructors, Inc.	Santa Rosa	\$16,387,000
C. W. Roen Construction	Danville	\$17,472,000
Pacific Mechanical Corp.	Concord	\$18,021,000

WHEREAS, staff recommends award of the contract for White Slough Water Pollution Control Facility Phase 3 Improvements Project to Western Water Constructors, Inc., of Santa Rosa, California, in the amount of \$16,387,000; and

WHEREAS, staff recommends award of a time and materials contract for testing and inspection services to Krazan & Associates, who performed the work for Phase 1 and 2 of this project; and

WHEREAS, three proposals were received for the environmental survey work as follows:

LSA	\$2,000
Krazan & Associates	\$3,200
SWCA Environmental Consultants	\$3,310

WHEREAS, staff recommends award of the contract for the environmental survey work to LSA & Associates in the amount of \$2,000; and

WHEREAS, staff recommends award of a time and materials contract with West Yost & Associates to perform the construction administration services. As the Design Engineer for this project, West Yost is ideally suited to perform these duties; and

WHEREAS, staff recommends reallocating existing appropriations listed below to the White Slough Water Pollution Control Facility Phase 3 Improvements Project:

<u>Project/Task</u>	<u>Balance (rounded)</u>	<u>Notes</u>
Phase 1 Design	\$ 144,000	Completed
Value Engineering	\$ 19,000	Completed
Capacity Fee Update	\$ 8,000	Completed
Standby Power Design	\$ 11,000	Completed
Phase 2 Improvements	\$ 1,301,000	Completed
Phase 3 Design	\$ 1,600,000	Completed (double budgeted)
Land Acquisition	\$ 5,000,000	Project on hold/defer
Wetland	\$ 5,000,000	Project on hold/defer
Alternative Discharge Study	\$ 212,000	Completed
Bishop Cut Flow Monitoring	\$ 26,000	Completed
<b>Total:</b>	<b>\$13,321,000</b>	

WHEREAS, the total project estimate for Phase 3 is \$20,600,000, which includes: prepurchased equipment, construction administration services, environmental survey, construction contract, testing and inspection contract, construction contingencies, and other project-associated expenses.

NOW, THEREFORE, THE LODI CITY COUNCIL HEREBY FINDS AS FOLLOWS:

- 1) That the City Council has reviewed all documentation and hereby certifies the filing of a Negative Declaration as adequate environmental documentation for the White Slough Water Pollution Control Facility Phase 3 Improvements Project; and
- 2) That the City Council hereby awards the contract for White Slough Water Pollution Control Facility Phase 3 Improvements Project to Western Water Constructors, Inc., of Santa Rosa, California, in the amount of \$16,387,000; and

- 3) That the City Council hereby awards a time and materials contract for testing and inspection services to Krazan & Associates; and
- 4) That the City Council hereby awards a contract for the environmental survey work to LSA & Associates in the amount of \$2,000; and
- 5) That the City Council hereby awards a time and materials contract for the performance of construction administration services to West Yost & Associates for this project; and
- 6) That the City Council hereby reallocates existing appropriations listed below to the White Slough Water Pollution Control Facility Phase 3 Improvements Project:

<u>Project/Task</u>	<u>Balance (rounded)</u>	<u>Notes</u>
Phase 1 Design	\$ 144,000	Completed
Value Engineering	\$ 19,000	Completed
Capacity Fee Update	\$ 8,000	Completed
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<b>Total:</b>	<b>\$13,321,000</b>	

Dated: April 10, 2007

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I hereby certify that Resolution No. 2007-\_\_\_\_ was passed and adopted by the City Council of the City of Lodi in a special meeting held April 10, 2007, by the following vote:

AYES: COUNCIL MEMBERS -  
 NOES: COUNCIL MEMBERS -  
 ABSENT: COUNCIL MEMBERS -  
 ABSTAIN: COUNCIL MEMBERS -

RANDI JOHL  
 City Clerk

2007-\_\_\_\_