

City Council Meeting: August 14, 2018
Agenda Item: 3.E

To: Mayor and City Council
From: Susan Cline, Director, Public Works, Civil Engineering
Subject: Award Construction Contract for 2018 Water Main Replacement

Recommended Action

Staff recommends that the City Council:

1. Award Bid #2464 to Michels Pipeline Construction, a Wisconsin-based company, to provide construction services for the 2018 Annual Water Main Replacement Project;
2. Authorize the City Manager to negotiate and execute a contract with Michels Pipeline Construction, in an amount not to exceed \$5,058,792 (including a 15% contingency);
3. Authorize the Director of Public Works to issue any necessary change orders to complete additional work within contract authority.

Summary

To maintain the safety and reliability of the City's water deliveries to Santa Monica homes and businesses, pipelines nearing the end of their useful lives need to be replaced. As part of the Annual Water Main Replacement Project, the Water Resources Division routinely replaces water mains, typically focusing on replacing the oldest, to ensure an adequate, high quality, and reliable supply of water to customers. Staff recommends Michels Pipeline Construction, a division of Michels Corporation, to provide construction services for the 2018 Annual Water Main Replacement Project (Project) in an amount not to exceed \$5,058,792.

Discussion

During the past several years, the City has allocated an average of \$2 million per fiscal year for water main replacement projects. The \$2 million budget supported a 200-year replacement cycle, meaning pipelines were expected to last 200 years before being replaced. On November 22, 2016, City Council authorized an increase of \$2 million per fiscal year (for an annual allocation of \$4 million) for the Water Main Replacement

Program. This increased investment in the City’s water main replacement capital program was intended to replace 10,000 linear feet of water main and reduce the pipeline replacement period from a 200-year cycle to a 100-year cycle as recommended in the 2014 Sustainable Water Master Plan. However, the latest water main replacement bid results received by the City revealed that a \$4 million annual budget is no longer sufficient for a 100-year replacement cycle. Table 1 illustrates the bids received for water main replacement projects since 2010.

Table 1 – historic bids for City water main replacement projects

Project No.	Project	LF	Low bidders Total Cost	Ave. cost per LF
SP2464	2017-18	5,750	\$ 4,398,950.00	\$ 765.03
SP2429	2016-17 - EPA	4,805	\$ 2,467,000.00	\$ 513.42
SP2383	2015-16 - Ocean Avenue	2,370	\$ 1,496,438.00	\$ 631.41
SP2297	2014-15	11,465	\$ 4,132,341.00	\$ 360.43
SP2127	2011	11,730	\$ 2,208,850.00	\$ 188.31
SP2214	2010 - Third Court	2,010	\$ 838,894.00	\$ 417.36

Significant cost increases materialized since the development of the Sustainable Water Master Plan in 2014. Fluctuations in yearly costs can be attributed to many factors including project scope and requirements, pipe locations, labor cost, and the construction market. Staff met with the contractor to discuss the cost drivers, and the feedback received is summarized in Table 2.

Table 2 – Construction Factors Affecting Water Main Replacement Costs

Factor	Description	Effects
Geographic Location	Travel times in and out of the City are long.	Labor is more expensive because contractors pay employees for their travel time (but it’s not “productive, on the job time”). Trucking costs are higher due to the longer travel times. Majority of construction labor forces, material suppliers, and landfills are based well outside the West Los Angeles vicinity.

Project Requirements	Distribution lines generally run in the alleys, where there is limited space for the contractor to work.	Limited space restricts the contractor's production rate. It also requires that the new mains be located in the same location as the existing, which necessitates the use of a temporary high line (as opposed to leaving the old main operational while the new main is installed).
Trench Backfill	Concrete slurry backfill (slurry) is specified for trench backfill.	Slurry is a strong backfill material, but it is expensive. The use of slurry requires that the spoils be hauled away and slurry be hauled in (see location above).
Traffic Control	This includes engineered traffic control plans in the project's bid package.	The engineered traffic control plan results in a costlier site set-up for the contractor.

Its geographic location is beyond the City's control and the need for a temporary high line in project requirements is dictated by the location where pipe segment needs to be replaced as explained in table 2. Although the cost for this specific project does not reflect a 100-year replacement cycle, staff would pursue updating the City's trench backfill and traffic control requirements to influence positive cost impacts under this contract and future replacement projects.

This Project would replace 5,570 linear feet of water mains, 141 domestic service lines and meters, 14 fire service lines, 11 fire hydrants and 59 water valves in the following street segments:

Street Name	From	To	Linear Feet
Pico Blvd	4 th Street	Main Street	1,000
7 th Court	Santa Monica Blvd	Broadway	700
Pier Avenue	Main Street	2 nd Street	370
Fraser Avenue	Neilson Way	Ocean Front Walk	700
Hart Avenue	Neilson Way	Ocean Front Walk	700
Wadsworth Avenue	Neilson Way	Ocean Front Walk	700

Vicente Place North	Ocean Avenue	Appian Way	350
17 th Street	Robson Avenue	Pier Avenue	1,050
		Total	5,570 Feet

City staff selected these segments for the replacement for 2018 Annual Water Main Replacement Project using the information gathered from the Business Case Evaluation Study Report, Video Inspection and Pipeline Condition Assessment Report, and the City's maintenance records (Attachment A).

Vendor Selection

Bid Data					
Bid Posting Date	Bid Posted On	Bid Advertised In (City Charter & Municipal Code)	# of Vendors Downloaded	# of Submittals Received	Date Publicly Opened
5/31/2018	City's Online Bidding Site	Santa Monica Daily Press	53	6	7/3/2018

Submittals Received	
Michels Pipeline Construction	\$4,398,950
Sully-Miller Contracting Company	\$4,650,000
Colich and Sons, LP	\$4,762,350
Blois Inc.	\$4,802,401
Dominguez General Engineering	\$4,930,400
Mike Perlich and Sons, Inc.	\$5,479,900

Vendor Selection Recommendation	
Municipal Code	SMMC 2.24.072
Evaluation Criteria	Price, previous experience, ability to deliver, quality of product, and compliance with City specifications.
Best and Lowest Bidder	Michels Pipeline Construction

Best Bidder Justification
Bids were evaluated based on the criteria in SMMC 2.24.072, including price, previous experience, ability to deliver quality of product and compliance with City specifications. Michels Pipeline Construction has completed numerous similar pipeline projects for various agencies throughout the United States. Locally, Michels Pipeline Construction

have been providing water main replacement services for the cities of Pasadena and Santa Ana. Staff contacted the cities of Pasadena and Santa Ana, and respondents reported that they are satisfied with Michels Pipeline Construction's performance and the projects are progressing on schedule.

Public Outreach

If the Project is approved, City staff would provide public outreach during construction, including distributing notifications to adjacent properties and surrounding communities on the scope of the project, potential impacts and the schedule, with additional periodic updates.

Past Council Actions

November 22, 2016 (Attachment B)	Authorized an increase in CIP budget appropriation of \$2 million per fiscal year (for a total annual allocation of \$4 million) for the Water Main Replacement Program
November 28, 2017 (Attachment C)	Authorized the City Manager to negotiate and execute a professional service agreement with Cannon Corporation for the design of the Water Main Replacement Project.

Financial Impacts and Budget Actions

Staff seeks authority to award a contract with Michels Pipeline Construction, a division of Michels Corporation to provide construction services for the 2018 Annual Water Main Replacement Project.

Contract Request		
Request Amount	FY 2018-19 Budget CIP Account #	Total Contract Amount
\$5,058,792	C5004840.689000	\$5,058,792

Prepared By: Tom Shahbazi, Civil Engineer

Approved

Forwarded to Council



Susan Cline, Director

8/2/2018



Rick Cole, City Manager

8/5/2018

Attachments:

- A. City of Santa Monica 5yr CIP Business Cases Evaluation Study Report
- B. November 22, 2016 Staff Report
- C. November 28, 2017 Staff Report
- D. City of Santa Monica Oaks Initiative Disclosure Form