

TO: James L. App, City Manager
FROM: Doug Monn, Public Works Director
SUBJECT: Award of Membrane Filtration System for Water Treatment Plant
DATE: June 3, 2008

NEEDS: For the City Council to consider award of the Membrane Filtration System contract to Zenon Environmental Corporation.

FACTS:

1. The City will take delivery of 4,000 AFY of water from the Nacimiento Water Project in June of 2010.
2. To facilitate the use of water, the City is designing a six million gallon per day water treatment plant facility for construction at its Thunderbird well field.
3. One principal component of the proposed water treatment plant facility is the membrane filtration system. Three membrane manufacturers have proven, certified equipment in service in municipal treatment plants and each of these three approach their equipment configuration differently.
4. On December 18, 2007, the City Council authorized Black & Veatch to proceed with securing bids for the membrane filtration system. This was done so that the membrane filtration system equipment could be designed and manufactured in a timely manner and so that the design of the balance of the water treatment plant may be tailored to the correct equipment configuration. Failure to secure the membrane equipment now would delay start-up of the treatment plant, such that the City would be unable to take Nacimiento water deliveries when they begin.
5. Membrane filtration systems supplied by GE Water & Process Technologies (Zenon), Siemens Water Technologies Corporation, and Pall Corporation were invited to submit bids. On May 13, 2008, the City received bids from all three of the prequalified suppliers – Zenon, Siemens, and Pall.
6. The engineer's estimate for the total present worth of the membrane filtration system was \$3,719,000. Bid amounts (Total Present Worth) ranged from \$3,720,042 to \$4,919,290.
7. Zenon Environmental Corporation submitted the lowest monetary bid, followed by Siemens. Both companies included "clarifications" in their proposals that may make their bids non-responsive. Zenon's bid also did not include all of the required work. Staff has asked both entities to explain the purpose of including the clarifications in writing no later than May 28, 2008.
8. Provided that Zenon responds appropriately to the issues the City has raised, it will be the low bidder and staff will recommend that the Council award the contract to this supplier. If Zenon fails to respond, or does not address the issues to the City's satisfaction, staff may recommend that the Council award the contract to another proposer.

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ANALYSIS &

CONCLUSION:

All three membrane system suppliers that submitted bids to the City are considered qualified to supply such equipment for a municipal drinking water application. The lowest, responsive bid aligns well with the engineer's estimate and is therefore in-line with fiscal planning for the overall water treatment plant.

The membrane contract is set up in stages such that the recommended Council action tonight would commit the City to a \$100,000 amount associated with Stage I Work. Stage I work consists of membrane filtration system design and design support to Black & Veatch such that the membrane filtration system can be integrated into the overall water treatment plant design, and the preparation of a general contractor information package.

Stage II Work would commence upon the Council's award of a general construction contract for the overall water treatment plant, at which time the membrane filtration system contract would be assigned to the construction contractor. Stage II work includes furnishing and delivering the membrane filtration equipment and related construction and start-up services.

Stage III and IV work includes support services during the system performance testing provided directly to the City and long-term operation and maintenance services.

It is in the best interest of the City of Paso Robles and its water users to award the membrane filtration system contract at this time to allow design of the overall water treatment plant to be completed and construction bids sought by the end of this year.

POLICY

REFERENCE:

Economic Strategy; Integrated Water Resource Plan; Nacimiento Water Project Entitlement Contract.

FISCAL IMPACT:

The cost for this service is being paid from the Nacimiento Water Fund. Award of the Membrane Filtration System contract would obligate the City to a \$100,000 value for design and bid phase services. Commitment to expend the balance of the membrane filtration plant bid amount (\$2,986,518 for Stage II) would be considered at the time of award of the general construction contract for the proposed water treatment plant. Staff expects to bring a recommendation for award of the overall water treatment plant construction contract forward by February 2009.

OPTIONS:

- a. Adopt Resolution No. 08-xx appropriating \$100,000 from Nacimiento Water Fund (No. 226.910.5452.544) to Nacimiento Water Treatment (No. 229.910.5452.544) and authorizing the City Manager to enter into a contract with the lowest responsive bidder in that amount, or as otherwise recommended by staff, and to authorize assignment of the Stage II Work to the general contractor at the time of such award.
- b. Amend, modify, or reject the above option.

Prepared by: Christine Halley, Water & Utility Consultant,
TJ Cross Engineers, Inc.

Attachment

- 1) Resolution

RESOLUTION NO. 08-XX

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF EL PASO DE ROBLES
AWARDING THE MEMBRANE FILTRATION SYSTEM CONTRACT TO

WHEREAS, the City Council of the City of El Paso Robles has previously entered into a contract with Black & Veatch Associates for the design of a water treatment plant; and

WHEREAS, the City directed Black & Beatch to proceed with advanced procurement of membranes for the treatment plant on its behalf to facilitate design and construction of the project; and

WHEREAS, bids were received on May 13, 2008, from three membrane filtration system suppliers for the contemplated work, and

WHEREAS, _____ submitted the lowest responsive bid to the City;

THEREFORE BE IT HEREBY RESOLVED by the City Council of the City of El Paso de Robles to approve the appropriation of \$100,000 from the Nacimiento Water Fund (No. 226.910.5452.544) to Nacimiento Water Treatment (No. 229.910.5452.544), and authorize the City Manager to enter into a contract with _____ or as otherwise recommended by staff, in that amount and to authorize assignment of the Stage II Work to the general contractor at the time of such award.

PASSED AND ADOPTED by the City Council of the City of Paso Robles, this 3rd day of June 2008 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Frank R. Mecham, Mayor

ATTEST:

Deborah D. Robinson, Deputy City Clerk