

TO: City Council  
FROM: Doug Monn, Public Works Director  
SUBJECT: Construction of Wastewater Treatment Plant Upgrade  
DATE: February 5, 2013

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NEEDS: For the City Council to consider awarding contracts for construction of the City's wastewater treatment plant upgrade.

FACTS:

1. The City owns and operates a 4.9 million gallons per day capacity wastewater treatment plant (WWTP) at 3200 Sulphur Springs Road. The City is upgrading the WWTP to replace aging infrastructure, meet regulatory requirements, and prepare for future production of recycled water.
2. The WWTP upgrade ("Project") includes:
  - New headworks with septage receiving
  - Rehabilitated primary clarifiers
  - New pumping station
  - A new Biological Nutrient Removal process
  - New secondary clarifiers, with return sludge pumping system
  - Chloramination disinfection system
  - Effluent polishing channel
  - Sludge thickening process
  - Cogeneration system (to produce energy from digester gas)
  - Instrumentation and control system
  - New operations building with laboratory, and
  - Redundancy, stub-outs in plumbing, and reserved space, to facilitate future production of recycled water.
3. Project plans and specifications are complete. The California Environmental Quality Act (CEQA) process is complete. All major environmental permits have been issued. The City updated sewer rates and facility charges in 2011 to fund the Project. The City has received a low interest (1.7%) State Revolving Fund (SRF) loan to finance the Project. The City hired Covello Group for professional construction management services, and has extended a contract with the design engineer, Black & Veatch, for engineering services during construction.
4. In fall 2012, the City pre-qualified general contractors and electrical subcontractors for bidding, to ensure the construction firms competing for the work have the experience, good performance, financial capacity, and safety record necessary to deliver a project of this size and complexity.
5. The City invited bids from the pre-qualified contractors. At the bid opening on January 23, 2013, the City received six bids, as follows:

General Contractor	Bid Amount
W.M. Lyles	\$36,398,700
Anderson Pacific	\$37,589,000
Monterey Mechanical	\$38,280,000
Overaa Construction	\$38,347,000
Flatiron	\$42,699,000
S.J. Amoroso	\$43,797,000

6. The low bid amount is less than the engineer's estimate of construction cost (\$40 million), which the City used to establish sewer rates in 2011.
7. In order to comply with a time schedule order issued by the Central Coast Regional Water Quality Control Board and remain eligible for a \$468,000 grant from PG&E for the cogeneration system, the City must award a construction contract no later than February 22, 2013.

ANALYSIS &  
CONCLUSION:

City staff and Covello Group evaluated the low bid submitted by W.M. Lyles and found it responsive and responsible. W.M. Lyles made a good faith effort to involve disadvantaged businesses as subcontractors or suppliers, in compliance with SRF loan requirements. W.M. Lyles has been building quality water and wastewater infrastructure projects throughout California for over 65 years. W.M. Lyles recently completed wastewater projects of similar size and complexity for the cities of Tulare and Fillmore. Both cities gave excellent feedback on W.M. Lyles' performance. W.M. Lyles has a reputation for excellent organization, high ethical standards, and quality work. W.M. Lyles's headquarters are in Fresno.

Staff recommends award of a contract to W.M. Lyles for an amount not to exceed \$36,398,700. Should City Council award the work tonight, staff is prepared to notify W.M. Lyles to proceed with construction in early March. Construction should be in full swing by late spring and completed by September 2015. Staff will provide City Council quarterly status updates throughout the construction period.

This contract amount includes a \$400,000 allowance for five years maintenance of the equipment associated with the cogeneration system, to prolong the life and maintain the productivity of the cogeneration system. W.M. Lyles' chosen manufacturer of the cogeneration equipment is 2G Cenergy. The attached resolution includes authorizing the City Manager to negotiate directly with and enter into a five maintenance agreement with 2G Cenergy, for an amount not to exceed \$400,000.

The Project mitigation measures adopted by City Council as part of the CEQA process, as well as the environmental permits issued by California Department of Fish and Game and U.S. Fish and Wildlife Service (USFWS), require the City to retain a professional biologist and archaeologist to monitor the construction activity. This work includes: 1) a pre-construction biological survey, 2) education of contractor personnel regarding sensitive biological resources, 3) periodic monitoring throughout the construction period, and 4) preparation of a revegetation plan for an area of disturbance near the river.

SWCA Environmental Consultants, the firm that prepared the project's CEQA documents and assisted the City with obtaining environmental permits, submitted an appropriate scope of work and \$45,825 fee estimate for this work. SWCA's biologists are already approved by USFWS for the monitoring work. It would be in the best interest of the City to extend its contract with SWCA for this work. The attached resolution includes authorizing extension of a contract with SWCA for an amount not to exceed \$45,825.

POLICY

REFERENCE: Integrated Water Resources Plan, Waste Discharge Requirements Order No. R3-2011-002, Time Schedule Order No. R3-2011-0213, Policy for Implementing The Clean Water State Revolving Fund For Construction of Wastewater Treatment Facilities

FISCAL

IMPACT: This construction contract is a planned Project cost that will be financed through the City's low interest SRF loan. The City will pay back the SRF loan over 20 years, starting one year after completion of construction. Debt payments will come from the Sewer Enterprise Fund. Revenues from the sewer rates and facility charges adopted in 2011 will be sufficient to cover the debt payments.

OPTIONS:

- a. Adopt Resolution No. 13-XXX, to
  1. Award a contract to W.M. Lyles for construction of the City's wastewater treatment plant upgrade, for an amount not to exceed \$36,398,700;
  2. Authorize the City Manager to negotiate with and enter into a maintenance agreement with 2G Cenergy, for five years maintenance of cogeneration system equipment, for an amount not to exceed \$400,000;
  3. Authorize the City Manager to extend a contract with SWCA Environmental Consultants for environmental monitoring and associated services, for an amount not to exceed \$45,825.
- b. Amend, modify or reject the above option.

ATTACHMENT:

Resolution No. 13-XXX

Report prepared by Matt Thompson, Wastewater Division Manager

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RESOLUTION NO. 13-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES  
AWARDING CONTRACTS FOR CONSTRUCTION OF THE CITY'S  
WASTEWATER TREATMENT PLANT UPGRADE

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WHEREAS, the City of Paso Robles owns and operates a 4.9 million gallons per day capacity wastewater treatment plant (WWTP) at 3200 Sulphur Springs Road. The City is upgrading the WWTP (Project) to replace aging infrastructure, meet regulatory requirements, and prepare for future production of recycled water.

WHEREAS, Project plans and specifications are complete. The California Environmental Quality Act (CEQA) process is complete. All major environmental permits have been issued. The City updated sewer rates and facility charges in 2011 to fund the Project. The City has received a low interest (1.7%) State Revolving Fund (SRF) loan to finance the Project. The City hired Covello Group for professional construction management services, and has extended a contract with the design engineer, Black & Veatch, for engineering services during construction.

WHEREAS, in fall 2012, the City pre-qualified general contractors and electrical subcontractors for bidding.

WHEREAS, the City invited bids from the pre-qualified contractors and held a public bid opening on January 23, 2013. The City received six bids, ranging from \$36,398,700 to \$43,797,000. The low bid of \$36,398,700 was submitted by W.M. Lyles of Fresno, California.

WHEREAS, the low bid submitted by W.M. Lyles is responsive and responsible. W.M. Lyles made a good faith effort to involve disadvantaged businesses as subcontractors or suppliers, in compliance with SRF loan requirements.

WHEREAS, the low bid amount is less than the engineer's estimate of construction cost (\$40 million), which the City used to establish sewer rates in 2011.

WHEREAS, this construction contract amount includes a \$400,000 allowance for five years of maintenance of the equipment associated with the cogeneration system. W.M. Lyles' chosen supplier of the cogeneration equipment is 2G Cenergy.

WHEREAS, Project mitigation measures adopted by City Council and permits issued by California Department of Fish and Game and U.S. Fish and Wildlife Service require the City to retain a professional biologist and archaeologist to monitor the construction activity.

WHEREAS, SWCA Environmental Consultants submitted an appropriate scope of work and \$45,825 fee estimate for this work. It would be in the best interest of the City to extend its contract with SWCA Environmental Consultants.

WHEREAS, in order to comply with a time schedule order issued by the Central Coast Regional Water Quality Control Board and remain eligible for a \$468,000 grant from PG&E for the cogeneration system, the City must award a construction contract no later than February 22, 2013.

THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. The City Council hereby awards a contract to W.M. Lyles for construction of the City's wastewater treatment plant upgrade, for an amount not to exceed \$36,398,700, and authorizes the City Manager to execute the contract.

SECTION 2. The City Council hereby authorizes the City Manager to negotiate with and enter into a maintenance agreement with 2G Cenergy, for five years maintenance of cogeneration system equipment, for an amount not to exceed \$400,000.

SECTION 3. The City Council hereby authorizes the City Manager to extend a contract with SWCA Environmental Consultants for environmental monitoring and associated services, for an amount not to exceed \$45,825.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 5th day of February 2013, by the following votes:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Duane Picanco, Mayor

ATTEST:

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Caryn Jackson, Deputy City Clerk