

PUMP STATION RELIABILITY IMPROVEMENTS PROJECT – AUTHORIZATION TO REJECT ALL BIDS AND TO RE-ADVERTISE THE NOTICE INVITING BIDS

BACKGROUND: On August 10, 2011, a single sealed bid was received and opened for the Pump Station Reliability Improvements Project. This bid was from Pacific Infrastructure, Inc. in the amount of \$180,640. The engineer's estimated cost of the work was \$123,619.

Several other general contractors were solicited for bidding this project, including Western Water, Maggiora & Ghilotti, Team Ghilotti, Monterey Mechanical and Michael Paul. All firms were contacted after the bid to determine why the firms did not submit a bid in response to the District's invitation. Western Water determined that the project was too small. Maggiora & Ghilotti and Michael Paul did not bid due to existing workload and because the project was small and had a low potential profit margin. Team Ghilotti and Monterey Mechanical were unable to prepare bids in time for submittal due to time constraints. If this project was re-bid, Maggiora & Ghilotti, Team Ghilotti, and Monterey Mechanical stated that they would likely submit bids. It is also likely that Pacific Infrastructure would re-bid.

RECOMMENDATION: As Pacific Infrastructure was the only bidder, submitting a bid 46% greater than the engineer's estimate, and given that several general contractors stated that they would bid if re-solicited, staff recommends that the Board consider rejecting all bids and authorize re-advertisement of the notice inviting bids for the project.

CAPITAL IMPROVEMENT PROGRAM FINANCING – AUTHORIZE RETENTION OF BARTLE WELLS ASSOCIATES FOR FINANCIAL ADVISORY SERVICES IN CONNECTION WITH OBTAINING FINANCING FOR THE DISTRICT’S CAPITAL IMPROVEMENT PROGRAM FOR PROJECTED EXPENSES THROUGH 2013/14

BACKGROUND: In FY 2009/2010, the District retained HFH Consultants to evaluate the District’s finances based on projections of its future operating and capital expenses through FY 2018/19. This was done as part of a sewer service charge update study. Capital costs were projected to be \$36.0 million over the ten year period. The consultant recommended that the District debt finance its capital improvement program to spread costs to future users over the life of the asset. This would reduce the financial burden on current customers.

On April 1, 2008 the District entered into Bank Loan Agreement with City National Bank to borrow \$3.0 million for a twenty year term and at interest rate of 4.1%. The annual principle and interest payment is \$221,000. TCSD’s share is 29.6%. The proceeds from the loan paid for the Sludge Dewatering Improvement Project and the Chemical Storage Building Project. The pay-off date for the loan is 2028.

On August 15, 2011, the District received an executed copy of the State Revolving Fund financial agreement from the California Water Resource Control Board. The agreement provides for the reimbursement of planning, design, administration, and construction costs for the Locust Street Pump Station Improvement Project. The projected loan amount is expected to be about \$2.0 million, which would be financed for twenty years at 2.7% interest. The annual P&I payments will be approximately \$131,000. TCSD’s share is 37.5% or \$49,100.

The District’s FY 2011/12 budget projects the need for additional capital project financing in the amount of \$5.0 million. This financing would be used to fund the construction of the Marin City Collection System Improvement Project, parts of the Headworks project (planning, design, and environmental documentation) and the planning and design of the Scotties and Highway Booster Pump Station Improvement Projects. The actual amount of required financing will be evaluated by staff and reviewed with the Budget, Insurance, and Finance Committee of the Board before solicitation of proposals from lending institutions.

To assist in the financing procurement, staff requested a proposal from Bartle Wells Associates for financial adviser services. Attached is their August 30, 2011 proposal. It presents the scope of services and a proposed budget of \$17,000 for the services. Staff has review the scope of service and budget and finds that they are reasonable.

RECOMMENDATION: Authorize retention of Bartle Wells Associates for financial advisory services at a cost of \$17,000.

THE HOUSING AUTHORITY OF THE COUNTY OF MARIN – RECEIVE REPORT REGARDING OUTSTANDING SEWER SERVICE CHARGES IN CONNECTION WITH MARIN CITY PUBLIC HOUSING FOR THE PERIOD BEGINNING JULY 1, 2008 AND ENDING DECEMBER 31, 2009

BACKGROUND: The Housing Authority of the County of Marin is a public corporation that provides housing for low and moderate income people. The Authority is governed by a commission made up of the five members of the Board of Supervisors and two public housing tenants. The District and the Authority entered into an agreement on July 1, 1955 (see attached), the terms and conditions of which include the following:

1. Sewer services charges apply to the number of occupied dwelling units.
2. The Authority receives a discount of 5% on the assessed sewer service charge to compensate it for collecting from the occupants.
3. The agreement does not have a termination date but can be terminated by either party with a thirty day notice.

The arrangement between the Authority and the District for collecting sewer service charges has been for the Authority to send a summary statement at the end of each quarter advising the District of the number of occupied units for each month, the applicable monthly sewer charge rate and calculation of the discount amount and the total amount due for the quarter. The summary statement is accompanied by the Authority's check in the amount of the fees due for the quarter. When there is a change in the sewer service charge for a given fiscal year, the District sends the Authority a letter advising it of the new rate. Copies of a summary statement and the District's letter advising the Authority of a change in rate are attached for reference.

In July 2008, District staff notified the Authority of a change in the sewer service charge for fiscal year beginning July 2008. The sewer service charge was increased from \$348.66 to \$438.66. However, the Authority failed to change the basis of payment, reflecting the new charge, and continued to make quarterly payments based on the District's FY 2007/08 rates through December 2010.

In June 2010, an audit of the Authorities payments revealed the error. Staff contact Authority staff and attempted to collect the outstanding arrears. However the effort only met with partial success. The outstanding amount due the District is \$36,779.25. The arrears are the result of underpayments of the District's charges from July 2008 through December 2009 (18 mos.). An accounting of the arrears is attached. District staff has not been able to reach an Authority staff member in responsible charge to discuss a resolution to the matter.

Staff recommends that a letter be sent to the Authority Commission appraising it of the outstanding charges and requesting a meeting to work out an appropriate repayment schedule. Attached is a draft copy of the letter.

RECOMMENDATION: Receive a report from staff and authorize the Board President to sign the letter to the Commission Chair of the Housing Authority of Marin.

AGENDA ITEM: VI.E
DATE: SEPT. 6, 2011

**REPORT ON DISTRICT RESIDENCE, RESIDENT OPERATOR ASSIGNMENT AND
CONTRACT LAB SERVICES**

BACKGROUND: At the August 1, 2011 regular Board meeting, the Board authorized the General Manager to execute an Employee Agreement with Omar and Sylvia Arias-Montez for District furnished lodging to provide timely response during non-business hours to operational alarms and emergencies of its collection system, sewer pump stations and treatment facilities. The employment agreement has been executed as presented to the Board. The goal is to have Mr. Omar Arias-Montez and his family to take occupancy of the District residence and assume his resident operator duties sometime in October of 2011.

At the August Board meeting staff also outlined the required actions to start Mr. Arias-Montez in his assigned duties as the resident operator. They include; 1) completing maintenance of the District residence for occupancy and, 2) contracting for lab services to provide available time for Mr. Arias-Montez to work as an operator to stay current on operational activities. The status of these two actions is described in this report.

Some needed maintenance to the District residence has been completed. The water system has been replaced with copper lines. The prior system was constructed of a plastic tubing material that had failed and leaked at several locations. A safety inspection of the residence has been completed and necessary safety features have been installed.

The remaining maintenance work includes new flooring and interior painting. The existing carpet, installed in 2003, has been damaged by water and needs to be replaced. Staff has evaluated flooring options and is recommending installation of a hardwood floor due to its durability and increased service life in comparison to carpet. The linoleum kitchen floor will be replaced with tile. The interior of the residence consists of wood wall paneling installed when the unit was constructed in about 1983. Staff is recommending interior painting of the paneling and kitchen cabinetry. Painting is a

more cost effective method than replacement and will provide an updated and modern appearance while preserving some areas of paneling that was water damaged.

Staff has received cost estimates from contractors to complete the remaining work. The estimated cost for both the flooring and painting is within the approved FY 2011-12 On-site Residence Reconditioning project budget of \$25,000. The work should be completed by early October of 2011.

Staff is preparing to solicit for contract lab service proposals in September of 2011. Staff has selected two local wastewater agencies for proposals (Sewerage Agency of Southern Marin and the Central Marin Sanitation Agency). One private laboratory that already completes some analysis has been selected for a proposal (Cal Test). It is estimated that the laboratory service cost will be comparable to the District's cost. Staff is planning to return to the Board at the October of 2011 meeting to present the proposals and to request approval of a contract for services. It is important to note that staff will maintain the District Laboratory and ability to run sampling and analysis at any time should they be needed.

With a laboratory services contract in place, it is estimated that approximately 20 hours per week of Mr. Omar Arias-Montez time can be dedicated for other work. Staff anticipates that 16 hours per week or two days per week will be allocated for him to complete operational duties in support of his resident operator assignment. The other four hours will be utilized for enhanced source control, pollution prevention, public outreach and technical support activities. Mr. Omar Arias-Montez will continue his other duties as Lab Director for the remaining 20 hours per week which includes; contract lab services management, maintaining the laboratory accreditation and quality control programs, regulatory monitoring and reporting program, and laboratory and process data management.

RECOMMENDATION: Receive and comment on the District Residence, Resident Operator Assignment and Contract Lab Services staff report.

TEMPORARY PUMPING & FFR PUMP VALVE REPLACEMENT PROJECT AND PRIMARY EFFLUENT BOX, RECYCLE BOX, PIPE AND VALVE REHABILITATION PROJECT – REPORT ON CHANGE ORDER COSTS DURING CONSTRUCTION AND AUTHORIZATION TO INCREASE THE GENERAL MANAGERS CHANGE ORDER APPROVAL LIMIT

ISSUE: The Temporary Pumping and FFR Pump Valve Replacement Project and the Primary Effluent Box, Recycle Box, Pipe and Valve Rehabilitation Project remain under construction on a tight schedule with a number of milestones to be completed by September 30th, prior to wet weather. Bypass pumping of the Primary Effluent Box, Junction Box (located on the beach), Diversion Box and associated piping has allowed the inspection of equipment and piping that could not previously be inspected. As a result, there are several critical systems that require immediate repair on an already tight schedule. All of these repairs must take place prior to decommissioning the temporary pumping system. Failure to do so will result in repairs being postponed until bypass pumping can be re-implemented at an unknown future date.

The following change orders have been executed:

1. Flange Coupling Adapters – There are 5 Knife Gate Valve and Flanged Coupling Adapter (FCA) replacements in project scope. These valves and FCA's were to be Owner Furnished/Contractor Installed in order to expedite delivery due to long lead times. However, the lead time for the FCA's was significantly reduced. Consequently, the FCA's were reinstated to project scope as they no longer met justification criteria for pre-purchasing. This executed change order was for \$12,839.
2. Recycle Line Tie-In to Thickener – Bypass pumping around the existing recycle box to facilitate rehabilitation is to take place after completion of FFR bypass pumping. It was recognized that the thickener structure could serve this purpose by utilizing its drain line for receiving recycle flows. However, this tie-in could require the thickener to be emptied after pipe gallery work was complete. In addition, the unknown lead time for plug valves could potentially delay the project schedule into wet weather. Kennedy Jenks provided an engineering estimate for this work of \$16,900. This executed change order was for \$17,000.
3. Emergency Showers – OSHA code requires that access to emergency showers and eye washes must be unobstructed. Consequently, additional showers and eye washes were purchased by the District in 2010 for installation within the containment areas of each chemical building. However, installation was not performed due to already high operator workloads. Consequently, a change order was executed for installation of two emergency showers and eye washes, including all associated piping, in the amount of \$8,800.

The following additional work has been identified, increasing project scope:

1. The installation of 5 new FCA's in the FFR pipe gallery will require cutting the existing FCA's. In addition, the pipe stubbing into the FCA's will require cutting, cleaning and recoating with high solids epoxy. This is due to how they were originally installed. The space between pipe sections, even after the gate valves are removed, is not sufficient to remove the existing FCA's. New FCA's will be removable without cutting. The proposed change order cost for this work is \$11,172.

2. Kennedy Jenks, in agreement with Jeffco Painting, recommended that the cleaning process in preparation for coating pipe ends be changed from SP-3 to SP-11 to ensure good adhesion of epoxy coatings. SP-3 requires cleaning to bare metal while SP-11 requires cleaning to “white metal by power tooling with a 1 plus mil profile.” The proposed change order cost for this work is \$3,966.
3. Project scope required the demolition of a baffle wall in the Primary Effluent Box. Contract drawings show this wall to be about 10’ tall, however, it was found to be over 20’ after the vault was emptied. Additional demo work was performed on T&M.
4. The clarifier’s weir had known leaks into the primary effluent box and was to be sealed using water stop. However, upon closer inspection, the leak was much worse than anticipated. Once rags were removed from the leaking area the leak became far too significant to repair per contract scope. Instead, a new weir wall was constructed to ensure safety on a T&M basis.
5. After emptying the diversion box, a large volume of sand and grit (estimated at about 15 yards) was discovered in the FFR pump suction header and in the bottom of the diversion box. Due to the depth of the box (40 feet) and weight limitations of the causeway, the sand could not be removed using a vactor truck. Sand is being manually removed using barrels on a T&M basis.
6. Operators for the sluice gate valves in the diversion box were to be rehabilitated within project scope. However, after emptying the diversion box there were obvious repairs required for the sluice gates and stems. The gates are frozen in place due to a significant buildup of material on the gates and guides. The gates are to be hand tool cleaned and touch up coated in place on T&M. A new stem and stem guide assembly has been ordered and is to be installed on T&M as well.
7. The 20” line from the primary effluent box to the junction box is about 17 feet long and shows severe buildup of an iron material. This material is believed to be the result of excessive ferric chloride additions in previous years and is 2 to 3 inches thick in many locations. This line was the original outfall pipe dating back to 1952. It appears that the material may be removed using high pressure water spray. In addition, the line is concrete encased and the epoxy lining at one end appears to be intact. After cleaning, this section of pipe will be lined to prevent further buildup. A portion of the newer 24” mortar lined pipes that are fed downstream were inspected and look to be in good condition. This work is being performed by Nor-Cal Pipeline Services on a T&M basis.
8. In order to clean and line the 20” PEB effluent pipe, downstream access is required. Consequently, access was made into the junction box on the beach. This work required chipping out an 18” thick reinforced concrete block covering the existing manhole. Additional work will be required to coat the upper portion of junction box (that area exposed to H₂S gas) with polyurethane to prevent additional deterioration of the concrete. Lastly, the concrete block on top of the manhole will be replaced prior to resuming operations to ensure there are no leaks into the bay. This work continues to be performed on T&M.

A breakdown of the anticipated charges for all additional work scope is as follows:

\$619,200 - Original Contract Price for Temp Pumping and FFR Valve Replacement Project

\$548,400 - Original Contract Price for Primary Effluent Box, Recycle Box, etc. Project

Total original contracted cost for both projects is \$1,167,600 with a 10% change order allowance of \$116,700.

Negotiated Change Orders currently increase the contract price by \$53,777. All current and anticipated T&M work is estimated to cost approximately \$65,000. This utilizes our entire change order allowance with significant work still to come. It is anticipated that we will likely exceed our change order allowance prior to project completion.

RECOMMENDATION: As both of these projects fell well below engineering estimates, the associated change order allowance of 10% resulted in reduced funds available as well. The combined price of negotiated change orders and work to be performed on time and materials is roughly 10% of the original contract prices with significant work remaining. It is recommended that the change order allowance for these combined projects be increased to \$175,140, or 15% of the original contract price.

AGENDA ITEM: VI.G
DATE: Sept 06, 2011

CONSIDER COLLABORATING WITH THE LAS GALLINAS VALLEY SANITARY DISTRICT AND POSSIBLY OTHER MARIN WASTEWATER DISTRICTS IN THE PREPARATION OF A GUEST EDITORIAL REGARDING THE EQUITY OF THE SEWER SERVICE CHARGE FIXED RATE STRUCTURE

BACKGROUND: Las Gallinas Valley Sanitary District has invited other Marin County sanitary districts to participate in the preparation of a guest editorial for publication in the Marin Independent Journal newspaper. Attached is a draft version of the editorial prepared by Las Gallinas.

RECOMMENDATION: Consider participating in the drafting and signing of the guest editorial.