



# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

**BOARD OF PUBLIC UTILITIES**

**DATE: MAY 8, 2023**

**SUBJECT: AWARD BID NO. RPU-7975 FOR THE GAGE 29-2R GROUNDWATER WELL REPLACEMENT PROJECT (PHASE II) TO CANYON SPRINGS ENTERPRISES, INC. OF TEMECULA, CALIFORNIA, IN THE AMOUNT OF \$3,244,651 WITH 10% CHANGE ORDER AUTHORITY IN THE AMOUNT OF \$324,465 AND APPROVE WORK ORDER NO. 2221273 IN THE AMOUNT OF \$4,122,000**

### **ISSUES:**

Consider awarding Bid No. RPU-7975 for the Gage 29-2R Groundwater Well Replacement Project (Phase II) to Canyon Springs Enterprises, Inc. of Temecula, California, in the amount of \$3,244,651 with 10% change order authority in the amount of \$324,465 and approving the capital expenditure for Work Order No. 2221273 for the Gage 29-2R Groundwater Well Replacement Project (Phase II) in the amount of \$4,122,000.

### **RECOMMENDATIONS:**

That the Board of Public Utilities:

1. Award a construction contract for Bid No. RPU-7975 for the Gage 29-2R Groundwater Well Replacement Project (Phase II) to Canyon Springs Enterprises, Inc. of Temecula, California, in the amount of \$3,244,651;
2. Authorize 10% change order authority in the amount of \$324,465 for Bid No. RPU-7975 for the construction of the Gage 29-2R Groundwater Well Replacement Project (Phase II);
3. Approve the capital expenditure for Work Order No. 2221273 in the amount of \$4,122,000 which includes all design, construction, construction support, contract administration, inspection and construction change order authority costs for the Gage 29-2R Groundwater Well Replacement Project (Phase II); and
4. Authorize the City Manager, or designee, to execute construction agreements and any other documents necessary to effectuate the project described herein, as well as the ability to make minor and non-substantive changes in accordance with all purchasing policies.

### **BACKGROUND:**

The Riverside Public Utilities Department (RPU) operates and maintains nearly 50 active groundwater wells throughout Riverside, Colton, and San Bernardino to supply potable and non-potable water to the City of Riverside. The existing Gage 29-2 groundwater well is in the City of San Bernardino and was constructed in 1929 to a depth of approximately 325 feet below the ground surface. Over the years, the production capacity of this well has dropped due to the declining groundwater table in the area to the point that the well is inoperable due to air entrapment. Typically, the well pump is lowered to a depth that could sustain pumping; however, the existing well borehole is too shallow to allow for the lowering of the pumping equipment. Therefore, a new well with a deeper 1,200-foot borehole was drilled this past March.

The Gage 29-2R Groundwater Well Replacement Project will be completed in two phases. The first phase, approved by the Board of Public Utilities on December 12, 2022, which involves drilling the water well, is nearly complete. The second phase, as described herein, consists in equipping the new well with a pump and motor, electrical and instrumentation equipment, yard piping, valves and appurtenances, and a building enclosure.

### **DISCUSSION:**

Phase II of the Gage 29-2R groundwater well replacement involves the installation of a new pump and motor, electrical and instrumentation equipment, discharge piping, valves, appurtenances, a new building enclosure, and necessary site improvements. The project also involves demolishing and abandoning the existing Gage 29-2 groundwater well.

RPU Water Division staff continuously monitor its portfolio of groundwater wells by monitoring groundwater water levels, production capacity, and condition of each water well through its asset management and capital replacement programs to maintain groundwater production capacity and ensure a reliable and sustainable water supply to its customers. It is important for this project to be completed as soon as possible to provide reliability and capacity for projected water production targets. It normally takes up to 12-months on average to complete this second phase of the project; however, the bids now indicate a 20-month timeline.

Bid No. RPU-7975 was posted on the City's Online Bid System on January 20, 2023. A pre-bid conference was held on January 26, 2023, and bids were opened on March 16, 2023. Five construction contractors submitted bids.

The bids received for Bid No. RPU-7975 are summarized in the table below:

<b>Rank</b>	<b>Vendor</b>	<b>City Location</b>	<b>Bid Total</b>
<b>1.</b>	<b>Canyon Springs Enterprises, Inc.</b>	<b>Temecula, CA</b>	<b>\$3,244,651</b>
2.	SCW Contracting Corp.	Fallbrook, CA	\$3,346,165
3.	Innovative Construction Solutions	Costa Mesa, CA	\$3,576,800
4.	Houalla Enterprises, Ltd.	Newport Beach, CA	\$3,682,743
5.	R.E. Chaffee Construction, Inc.	Wrightwood, CA	\$3,822,940

*Engineer's Construction Cost Estimate: \$2,985,000*

The bids received are higher than the Engineer's Construction Cost Estimate, mainly due to higher-than-expected costs for furnishing and installing the building enclosure, metal gates, and the 300 HP pump. The higher costs are believed to be related to inflation and disruptions to the supply chain of manufactured goods that have continued as a result of the COVID-19 pandemic as well as the general inflationary pressures on labor costs in the market today.

In 2020, the Gage well 29-3R, located in the same well field as the new Gage well 29-2R, was awarded using a primarily identical project scope. Both wells had similar depth, size, materials, and overall designs. For comparison, the following table details the construction costs of each of these wells and the relative increase in construction pricing observed over approximately the past three years. The Consumer Price Index (CPI) increase published by the U.S. Bureau of Labor Statistics is listed as a reference for the same period.

	Gage 29-3R Groundwater Well		Gage 29-2R Groundwater Well		Percent Increase in Cost	U.S. Bureau of Labor Statistics Consumer Price Index (CPI) Percent Increase
	Bid Award Date	Construction Bid Amount	Bid Award Date	Construction Bid Amount		
<b>Well Drilling (Phase I)</b>	12/9/2019	\$1,599,900	12/12/2022	\$2,782,738	<b>73.9%</b>	<b>15.5%</b>
<b>Well Equipping (Phase II)</b>	9/28/2020	\$1,964,543	5/8/2023	\$3,244,651	<b>65.2%</b>	<b>15.6%*</b>
<b>Totals</b>		<b>\$3,564,443</b>		<b>\$6,027,389</b>	<b>69.1%</b>	

\* The CPI is through February 2023 and reflects the latest available data at the time this report was prepared.

Construction costs are trending much higher than the published CPI. The CPI is typically used to gauge the costs of consumer goods and services. With the submittal of five responsive and qualified bids on this project, the current market pricing for these services is significantly outpacing market price indexes.

A budget transfer of \$2,000,000 from the Transmission Mains (Techite Replacement) Account No. 6230100-470735 to the Potable/Irrigation Well Replacement Account No. 6230100-470833 is needed to fund this project. This will defer planned Techite pipe replacement and reduce the replacement of approximately 850 to 1,000 feet of Techite pipe.

The project/fiscal breakdown is as follows:

<b>Project and Fiscal Breakdown</b>			
<b>Work Type:</b>	<b>Performed By:</b>	<b>Amount:</b>	<b>Percent of Total:</b>
Design and Survey	Internal Staff	\$72,884	1.8%
Construction	Canyon Springs Enterprises, Inc.	\$3,244,651	78.7%
Construction Support	Internal Staff	\$30,000	0.7%
Engineering Support and Construction Management	Internal Staff	\$50,000	1.2%
Construction Inspection	Vendor to be Determined (Formal Procurement)	\$350,000	8.5%
Geotechnical and Materials Testing	Vendor to be Determined (Informal Procurement)	\$30,000	0.7%
Site Security	Vendor to be Determined (Informal Procurement)	\$20,000	0.5%
Construction Contingencies	Canyon Springs Enterprises, Inc. (If applicable)	\$324,465	7.9%
<b>Work Order Total:</b>		<b>\$4,122,000</b>	<b>100.0%</b>
Reimbursements:	None		
<b>Anticipated Start Date:</b>	<b>June 2023</b>		
<b>Anticipated Duration:</b>	<b>20 Months</b>		

The table above identifies the parties that have performed and are expected to perform various portions of the project. Specific contracts with vendors valued at less than \$10,000 have not been itemized in the table for brevity. Should there be a need to seek additional services using the formal procurement process, items more than \$50,000 will be brought before the RPU Board by staff for consideration and action.

Based on the projected workload and currently available staff, it is expected that a vendor will be needed to assist with the construction inspection services of this project. Staff is preparing the documents required to hire an on-call vendor using the formal procurement process to provide construction inspection services. This item includes a budgetary amount for these services. However, once a vendor has been selected, staff will bring a separate item before the Board of Public Utilities and City Council seeking approval of a professional consultant services agreement.

The Purchasing Manager concurs that the recommended actions comply with Purchasing Resolution No. 23914.

## **STRATEGIC PLAN ALIGNMENT:**

This item contributes to **Strategic Priority 6 - Infrastructure, Mobility and Connectivity** and **Goal 6.2** – Maintain, protect, and improve assets and infrastructure within the City's built environment to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity.

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – RPU took the initiative to replace this groundwater well which will enhance the reliability of the overall water system, demonstrating RPU's commitment to the customers it serves and building community trust.
2. **Equity** – RPU endeavors to provide safe and reliable water service to all its customers. Since RPU's water system is an interconnected network, investments made to individual parts of the system improve the reliability of the overall system, thereby providing an equitable benefit to all customers.
3. **Fiscal Responsibility** – The lowest price for these construction services was ensured through a competitive bidding process.
4. **Innovation** – This project employs the latest technology, methods, and materials for constructing groundwater wells, helping to ensure effective operation of this groundwater well.
5. **Sustainability & Resiliency** – This project will help ensure RPU can provide reliable water service to its customers.

## **FISCAL IMPACT:**

The total project estimate is \$4,122,000. After a \$2,000,000 budget transfer from the Transmission Mains (Techite Replacement) Account No. 6230100-470735 to the Potable/Irrigation Well Replacement Account No. 6230100-470833, sufficient funds are available in the Public Utilities' Potable/Irrigation Well Replacement Account No. 6230100-470833 to fund this project.

Prepared by:	David A. Garcia, Utilities Assistant General Manager/Water
Approved by:	Todd M. Corbin, Utilities General Manager
Approved by:	Rafael Guzman, Assistant City Manager
Approved as to form:	Phaedra A. Norton, City Attorney

Certifies availability of funds:	Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer
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### **Attachments:**

1. Project Location Map
2. Award Recommendation
3. Presentation