

Agenda Report

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SUBJECT:

NATURAL GAS PIPELINES REPLACEMENT AT PLANT NOS. 1 AND 2, PROJECT NO. J-127

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Receive and file Bid Tabulation and Recommendation for Natural Gas Pipelines Replacement at Plant Nos. 1 and 2, Project No. J-127;
- B. Reject the bid from apparent low bidder, Well Anchored Inc., as non-responsive;
- C. Award a Construction Contract to Innovative Construction Solutions for Natural Gas Pipelines Replacement at Plant Nos. 1 and 2, Project No. J-127, for a total amount not to exceed \$745,500; and
- D. Approve a contingency of \$74,550 (10%)

BACKGROUND

The natural gas systems at Orange County Sanitation District's (Sanitation District) Plant Nos. 1 and 2 feed onsite services including buildings and plant processes, as well as the Central Generation systems which utilize both natural gas and digester gas to produce electric power. Over time, the natural gas piping system has been built, modified, and expanded by various projects.

RELEVANT STANDARDS

- Maintain a proactive asset management program
- Comply with California Public Contract Code Section 20103.8, award construction contract to lowest responsive bidder

PROBLEM

Recent condition assessments of the current natural gas piping have revealed that some of the metallic piping and risers have reached the end of their useful life due to corrosion.

PROPOSED SOLUTION

Award a construction contract for replacement of Natural Gas Pipelines Replacement at Plant Nos. 1 and 2, Project J-127. The project will replace approximately 2,000 feet of buried steel pipe and risers. This work will include replacement of defective valve vaults that allow standing water to corrode pipe and valves and will add electrical isolation to wall penetrations to prevent cathodic corrosion.

TIMING CONCERNS

Delays completing this work could result in significant gas system leaks which might require emergency repairs.

RAMIFICATIONS OF NOT TAKING ACTION

The natural gas system will continue to degrade causing significant leaks that may require emergency repairs.

PRIOR COMMITTEE/BOARD ACTIONS

N/A

ADDITIONAL INFORMATION

The Sanitation District advertised Project No. J-127 for bids on March 10, 2020 and four sealed bids were received on April 30, 2020. A summary of the bid opening follows:

Engineer's Estimate	\$ 607,000
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<u>Bidder</u>	<u>Amount of Bid</u>
Well Anchored Inc.	\$ 576,000
Innovative Construction Solutions	\$ 745,500
MMC, Inc.	\$ 784,551
A.M. Ortega Construction, Inc.	\$1,251,251

The bids were evaluated in accordance with Sanitation District policies and procedures. The bid documents included a requirement to identify two projects completed in the last five years that included modification of natural gas service construction and purging requirements of a similar nature, scope, and complexity. If two projects had not been completed, bidders were offered the option to list current relevant projects.

The Well Anchored Inc. bid failed to identify any projects to address this requirement. In consultation with General Counsel, staff determined that Well Anchored Inc. failed to provide project experience information as required in the Bid Submittal Forms. This deficiency was found uncurable, therefore staff determined the bid was non-responsive.

An evaluation of the second apparent low bidder, Innovative Construction Solutions, found them to be

both responsive and responsible. A notice was sent to all bidders on May 26, 2020, informing them of the intent of Sanitation District staff to recommend award of the Construction Contract to Innovative Construction Solutions.

Staff recommends awarding a construction contract to the lowest responsive, responsible bidder, Innovative Construction Solutions, for a total amount not to exceed \$745,500.

CEQA

The project is exempt from CEQA under the Class 1 categorical exemptions set forth in California Code of Regulations Section 15301 because the project involves repairs, replacement, and or minor alteration of existing facilities involving no expansion of use or capacity. A Notice of Exemption will be filed with the OC Clerk-Recorder after the Sanitation District's Board of Directors approves the Construction Contract.

FINANCIAL CONSIDERATIONS

This request complies with authority levels of the Sanitation District's Purchasing Ordinance. This item has been budgeted, (FY 2020-2021 and 2021-2022, Section 8, Page 41) and the project budget is sufficient for the recommended action.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- J-127 Construction Contract