

## STAFF REPORT



## CITY OF OCEANSIDE

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DATE: November 30, 2011

TO: Honorable Mayor and City Council Members

FROM: Water Utilities Department

SUBJECT: **ACCEPTANCE OF IMPROVEMENTS CONSTRUCTED BY AMERICAN INDUSTRIAL SERVICES FOR THE CONSTRUCTION OF THE WELL HEAD FACILITIES FOR WELLS 10 & 11 PROJECT**

**SYNOPSIS**

Staff and the Utilities Commission recommend that the City Council accept the improvements constructed by American Industrial Services for the Well Head Facilities for Wells 10 & 11 project, and authorize the City Clerk to file a Notice of Completion with the San Diego County Recorder.

**BACKGROUND**

The Mission Basin Groundwater Purification Facility, located at 215 Fireside Drive, was originally constructed and put into operation in 1994. The original facility produced 2.2 million gallons per day (mgd) of potable water from brackish groundwater by use of a reverse osmosis treatment process. A subsequent expansion project was to bring the capacity of the plant up to 6.37 mgd. This expansion, accepted by Council in February 2003 consisted of three additional production wells, nine monitoring wells, a high and low pump station, an additional reverse osmosis train, and other infrastructure-related work. All work was satisfactorily completed with the exception of the production wells, which when drilled did not produce sufficient quantities for production.

In October 1998, City Council authorized a joint participation agreement between the City of Oceanside, San Diego County Water Authority (SDCWA) and the Metropolitan Water District (MWD) for participation in the Groundwater Recovery Program (GRP). As part of the GRP study, SDCWA has drilled 11 exploratory wells to map the Basin for possible future use. As part of the drilling project, Oceanside had the SDCWA analyze up to five sites with an emphasis on three that can replace the poorly performing well sites 6, 7 and 8. Three of the sites are within a mile of the Mission Basin Groundwater Facility with one being on the plant site. Well site 9 at the plant site was drilled by the SDCWA and during the test pumping produced up to 2,220 gallons per minute. Construction of the wellhead facilities for Well 9 was completed in June of 2008 and began producing water shortly after construction was completed. The other two sites, well sites 10 and 11, adjacent to Fire Station 7, were later drilled by the SDCWA.

On December 10, 2008, the City Council approved the plans and specification for the construction of the Well Head Facilities for Wells 10 and 11 project and authorized the City Engineer to call for bids.

On September 15, 2009, eight bids were received and opened for the Well Head Facilities for Wells 10 and 11 project. The apparent low bidder was Pascal and Ludwig Constructors with a bid of \$1,347,293. However, shortly after the bids were received and within the requirements outlined in the Bid Documents, Pascal and Ludwig Constructors requested to withdrawal their bid. Staff reviewed the request and circumstances thereof and approved the withdrawal. The next lowest bidder is American Industrial Services of Escondido with a bid of \$1,529,471.

On November 18, 2009 City Council awarded the project to American Industrial Services and the Notice to Proceed was issued on January 20, 2010.

### **ANALYSIS**

Construction began shortly after the notice to proceed was issued on January 20, 2010; per the contract documents, the project was to be completed by July 14, 2011.

After work commenced on the Project, claims were made to the City via Public Work Stop Notices by 11 different subcontractors or suppliers. The City has held money pursuant to California Civil Code section 3186 upon receipt of the Stop Notices in the total amount of \$534,593.95, which represents 125 percent of the sum of the Stop Notices. Three of the subcontractors/suppliers have each commenced litigation in California Superior Court, San Diego County, North County Division, to enforce their respective stop notice claims. The City Attorney is working with the Contractor's attorney to facilitate the closing of the contract through unconditional lien releases and requests for dismissal of the litigation.

A final inspection has been performed and it was determined that the well head facilities for Wells 10 & 11 have been constructed per the plans and specifications.

### **FISCAL IMPACT**

The recommended action—to accept the improvements and authorize recording of a Notice of Completion—has no fiscal impact. Final payment issues will be handled separately, in conjunction with the pending stop notice litigation.

### **CITY ATTORNEY'S ANALYSIS**

The referenced documents have been reviewed by the City Attorney and approved as to form.

**INSURANCE REQUIREMENTS**

Does not apply

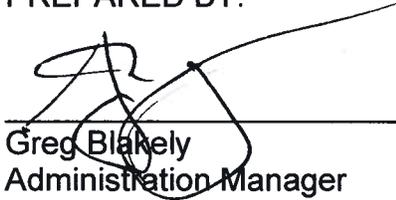
**COMMISSION OR COMMITTEE REPORT**

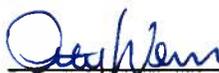
The Utilities Commission unanimously approved staff's recommendation at its regularly scheduled meeting on October 18, 2011.

**RECOMMENDATIONS**

Staff and the Utilities Commission recommend that the City Council accept the improvements constructed by American Industrial Services for the Well Head Facilities for Wells 10 & 11 project, and authorize the City Clerk to file a Notice of Completion with the San Diego County Recorder.

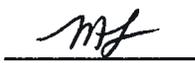
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