



CITY COUNCIL AGENDA REPORT

MEETING DATE: SEPTEMBER 3, 2019

ITEM NUMBER: CC-9

**SUBJECT: SANTA ANA DELHI CHANNEL DIVERSION PIPELINE PROJECT
PHASE II, CITY PROJECT NO. 19-13**

DATE: AUGUST 22, 2019

FROM: PUBLIC SERVICES DEPARTMENT / ENGINEERING DIVISION

PRESENTATION BY: RAJA SETHURAMAN, PUBLIC SERVICES DIRECTOR

**FOR FURTHER INFORMATION CONTACT: BALTAZAR MEJIA, CITY ENGINEER
(714) 754-5335**

RECOMMENDATION:

Staff recommends that the City Council:

1. Approve proposed Amendment No. 1 to the Cooperative Agreement with the City of Santa Ana, clarifying the use of Costa Mesa's \$600,000 contribution towards the Santa Ana Delhi Channel Diversion Project (Attachment 1).
2. Approve proposed Amendment No. 2 to the Cooperative Agreement with the City of Santa Ana (Attachment 2) authorizing an additional contribution from Santa Ana of \$148,500.00, for a revised total contribution of \$1,248,500.00 towards this project.
3. Authorize the City Manager to execute the amendments and future amendments to the Cooperative Agreement within Council authorized limits.
4. Authorize a budget adjustment recognizing and appropriating \$148,500.00 from the City of Santa Ana for the Santa Ana Delhi Channel Diversion Pipeline Project.
5. Adopt plans, specifications, and working details for the Santa Ana Delhi Channel Diversion Pipeline Project Phase II, City Project No. 19-13.
6. Award a construction contract to Gwinco Incorporated dba Gwinco Construction & Engineering Inc., 2131 S. Grove Avenue, Suite A, Ontario, CA 91761, in the amount of \$627,277.00 (Attachment 3).
7. Authorize the City Manager and the City Clerk to execute the Public Works Agreement (PWA), and authorize the City Manager to execute future contract amendments within Council authorized limits.
8. Authorize an additional \$62,723.00 as needed for unforeseen costs.

9. Authorize the City Manager to accept the work when completed and authorize the City Clerk to file the Notice of Completion upon such acceptance; authorize release of the retention monies 35 days after the Notice of Completion is filed; authorize release of the Labor and Material Bond one year after the Notice of Completion is filed; and authorize release of the Faithful Performance Bond, if appropriate, at the conclusion of the one-year warranty period.

BACKGROUND:

The Santa Ana Delhi Channel Diversion Project is a regional collaboration between the Cities of Costa Mesa, Santa Ana, and Newport Beach, as well as the County of Orange, Irvine Ranch Water District, Orange County Water District, and the County of Orange Flood Control District, collectively referred to as Funding Partners. The Santa Ana Delhi Channel Diversion Project increases regional groundwater supplies by diverting dry weather low-flow urban discharges from the Santa Ana Delhi Channel into the Orange County Sanitation District (OCSD) trunk sewer main for recycling. It also addresses water quality issues to the upper Newport Bay by mitigating pollutants.

The Funding Partners entered into a 25-year agreement to design, build, and maintain the Santa Ana Delhi Channel Diversion Project, designating the City of Santa Ana as the lead agency assuming the role for the coordination, design and administration. On May 18, 2016, the City of Costa Mesa and City of Santa Ana entered into a Cooperative Agreement (Attachment 4) designating Costa Mesa as the lead agency for construction of the portion of the project between Baker Street and Newport Boulevard. The Cooperative Agreement contemplated that the estimated cost for the project would be \$1,100,000 and outlined the financial commitments for Costa Mesa and Santa Ana to be \$600,000 and \$500,000, respectively. Costa Mesa's portion was the City's total funding obligation for the Santa Ana Delhi Channel Diversion Project and was funded from the Drainage Fees Fund. Pursuant to the Cooperative Agreement, Santa Ana was to advance the total project cost of \$1,100,000 to Costa Mesa, and Costa Mesa would reimburse Santa Ana \$600,000 by January 31, 2017. However, following completion of design and receipt of bids for the initial phases of the project, the actual cost to complete the project was revised to \$1,700,000. Because the increase in cost was the same amount as Costa Mesa's financial commitment, Santa Ana and Costa Mesa agreed that Costa Mesa's contribution would be used to directly cover the revised construction costs, rather than as a reimbursement to Santa Ana. Amendment No. 1 was prepared to reflect this change in the project budget. Although Santa Ana previously approved Amendment No. 1 to the Cooperative Agreement, Costa Mesa has not yet formally approved the amendment. Therefore, staff is seeking City Council approval of Amendment No. 1.

The Diversion Project is being implemented in phases by segments. The construction of the southern segment of Santa Ana Delhi Channel Diversion project was completed by the City of Santa Ana through a separate construction contract. The northern segment between Baker Street and Randolph Avenue, referred to as Phase I for the City of Costa Mesa's portion of this project, was completed by the City of Costa Mesa as part of the Bristol Street Improvements Project. The mid portion of the project, between Randolph Avenue and Newport Boulevard Frontage Road, referred to as Phase II of the City of Costa Mesa's portion of this project, is the subject of this report. Phase II is within the State of California Department of Transportation (Caltrans) right-of-way and therefore required Caltrans

permits. The Cities of Costa Mesa and Santa Ana have collaborated to secure the required Caltrans permits In order to implement the project.

ANALYSIS:

The scope of work for the Santa Ana Delhi Channel Diversion Project Phase II includes construction of a new 14” storm drain force main pipe and appurtenances, pavement restoration, restriping and replacement of traffic loops. A location map showing the construction limits is included as Attachment 5.

A copy of the plans, specifications and working details are available for review in the City Clerk’s Office and online at: www.costamesaca.gov/cip.

The City of Costa Mesa issued a notice inviting bids for the project on March 27, 2019. The City Clerk received and opened four (4) bids for this project on April 24, 2019. Gwinco Construction and Engineering Inc., the apparent low-bidder, submitted a bid proposal for \$627,277. The Engineer’s estimate for this work was \$631,200. The average of the four (4) bids amounted to \$844,405. An analysis of the bids indicates that the apparent low bidder, Gwinco Construction and Engineering Inc., submitted a proposal that is approximately six tenth of one percent (0.6%) lower than the Engineer’s estimate. The Bid Results are included as Attachment 6.

The license and references of Gwinco Construction and Engineering Inc. were checked and staff has found them to be in good standing.

Upon City Council award of the PWA, Gwinco Construction and Engineering Inc. will furnish the necessary bonds and insurance, which will be approved as to form by the Office of Risk Management. After the award and subsequent execution of the PWA, a “Notice to Proceed” will be issued.

The overall project costs have exceeded the original budget, resulting in the need to request additional funds from the City of Santa Ana. On June 18, 2019, the City received a letter from Santa Ana committing the additional funds necessary to complete Phase II. As a result, staff is recommending approval of the proposed Amendment No. 2 to the Cooperative Agreement with the City of Santa Ana to memorialize the commitment of additional funding up to \$148,500 under the terms of the original Cooperative Agreement.

ALTERNATIVES CONSIDERED:

The alternative to this Council action would be to reject all the bids and rebid the project. Staff believes that re-advertising the project will not result in lower bids.

FISCAL REVIEW:

The City Council previously approved \$1.7 million towards Phases I and II of the project, funded with \$600,000 in Drainage Fee Funds and \$1.1 million from the City of Santa Ana. The total expenditures for Phase I amounted to \$1,158,500, leaving a remaining balance of \$541,500 for Phase II.

With the Phase II construction cost and corresponding contingency amounting to a total of \$690,000, staff is requesting approval of the proposed Amendment No. 2 to the Cooperative Agreement with the City of Santa Ana as well as a budget adjustment recognizing and appropriating an additional contribution of \$148,500 to the project. This results in a total of \$690,000 for Phase II of the project.

LEGAL REVIEW:

The City Attorney's Office has reviewed this report, the amendments to the Cooperative Agreement, and the Public Works Agreement, and approves them as to form.

CONCLUSION:

The City has received and opened bids for the Santa Ana Delhi Channel Diversion Project Phase II, City Project No. 19-13. Staff has evaluated all of the bids and recommends that the City Council award a construction contract to Gwinco Construction and Engineering Inc. in the amount of \$627,277. Staff also requests City Council approval of Amendments No. 1 and No. 2 to the Cooperative Agreement with the City of Santa Ana for project funding and all other recommendations to proceed with the project.

RAJA SETHURAMAN
Public Services Director

BALTAZAR MEJIA
City Engineer

KELLY A. TELFORD, CPA
Finance Director

KIMBERLY HALL BARLOW
City Attorney

- ATTACHMENTS:
- 1 - [Amendment No. 1 to Cooperative Agreement](#)
 - 2 - [Amendment No. 2 to Cooperative Agreement](#)
 - 3 - [Public Works Agreement](#)
 - 4 - [Cooperative Agreement](#)
 - 5 - [Location Map](#)
 - 6 - [Bid Results](#)

DISTRIBUTION:

- City Manager
- City Attorney
- City Clerk
- Staff
- File