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DATE: August 5, 2024

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Steve Worrell, PE – Senior Civil Engineer, Public Works & Utilities (PW&U)  
Jonathan Sanglerat, PE – Engineering/CIP Manager, PW&U  
Gina Benedetti-Petnic, PE – Interim Director, PW&U

SUBJECT: Resolution Rejecting All Bids for the Ellis Creek Chemical Upgrades Project -  
Phase 1 (C66501840)

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### **RECOMMENDATION**

It is recommended that the City Council approve the attached Resolution rejecting all bids for the Ellis Creek Chemical Upgrades Project - Phase 1 (C66501840).

### **BACKGROUND**

The City of Petaluma Department of Public Works & Utilities operates the Ellis Creek Water Recycling Facility (ECWRF) in Southeast Petaluma at 3890 Cyprus Drive. The ECWRF was constructed in 2009 to replace the aging Hopper Street secondary wastewater treatment plant and expand the system to add new tertiary-level treatment of the City's wastewater. The ECWRF utilizes sodium hypochlorite and sodium bisulfite chemical storage and feed systems for disinfection and dechlorination of wastewater effluent, respectively. The existing chemical facilities are over 30 years old, and due to their age and location; these facilities pose a risk of failure that could result in non-compliance with the facility's discharge permit.

The existing chemical system requires replacement because of its existing condition as well as other operational challenges. To accommodate operational challenges, the chemical system upgrades are being implemented using a two-phased approach, as outlined below:

- Phase 1: Sodium hypochlorite system replacement and relocation
- Phase 2: Main chemical system upgrades

Phase 1 involves replacing and relocating the sodium hypochlorite storage and feed systems of the facility near the Wetlands Effluent Pump Station's feed point. This includes all necessary ancillary storage facilities, equipment, and components associated with the chemical storage and feed system. Internal road improvements are also included to provide all-weather access for chemical

trucks. Additionally, two water lines (potable and non-potable tertiary recycled water) will be extended to provide water for equipment washdown and to supply an emergency eyewash and safety shower. Non-native eucalyptus trees will be removed to accommodate construction and provide safe clearance on the access road. While eucalyptus trees are not covered by Chapter 17 of our Implementing Zoning Ordinance, staff have obtained a tree replacement permit.

In December 2022, the City solicited a proposal from Dudek, Inc. to evaluate the condition of the existing chemical facilities and feed systems, provide an assessment and design recommendations, and prepare complete project bid documents. Dudek prepared the design and bid documents for Phase 1, and staff received them in May 2024.

## **DISCUSSION**

In conjunction with the consultant, staff prepared full bid documents for Phase 1 of the project and issued a Notice Inviting Bids on June 7, 2024. On July 18, 2024, three (3) bids were received as follows:

<u>Name of Bidder</u>	<u>Bid Total</u>
Myers & Sons Construction, LLC	\$4,519,269.00
Pacific Infrastructure Corporation	\$4,909,000.00
Valentine Corporation	\$5,777,369.00
<b>Engineer's Estimate</b>	<b>\$3,640,000.00</b>

Staff reviewed Myers & Sons Construction LLC's bid and determined that the bid was complete, but the bid total was approximately \$880,000 over the engineer's estimate. City staff discussed the bidding with several prospective bidders and understand that using lump sum bid items reduced the willingness to participate in the bidding process and may have increased the cost for individual bid items to minimize financial risk to the bidders. At least one bidder did not submit a bid because lump sum bid items were used. Based on this feedback, staff recommending rebidding the project with bid items tabulated with greater use of unit cost and estimated quantity to increase cost transparency, stimulate additional interest in bidding, and obtain additional competitive bids.

Therefore, staff recommends that the City Council reject all bids in the public's interest as allowed by Municipal Code Section 4.04.080(D) and Public Contract Code Section 20166. The City Council has the authority under the Petaluma Municipal Code and California Public Contract Code to reject all bids. Petaluma Municipal Code Section 4.04.080(D) states, "The City Council shall reserve the right to reject any or all bids in whole or in part..." Similarly, California Public Contract Code Section 20166 states, "In its discretion, the legislative body may reject any bids presented and readvertise." As explained, due to the difference between the cost of the three bids and the budgeted amount for the project, staff recommends that City Council reject all bids and for staff to readvertise. Staff are preparing to rebid the project as soon as possible in August to obtain competitive bids that are aligned with the approved project budget.

## **PUBLIC OUTREACH**

This agenda item appeared on the City’s tentative agenda document on July 15, 2024, which was a publicly noticed meeting.

Public outreach will include (1) social media notifications via Facebook, NextDoor, and/or other platforms and (2) weekly updates to the city’s website with project information.

## **COUNCIL GOAL ALIGNMENT**

The proposed action supports the following Council Goals and workplan Items:

### **Environmental Legacy**

- #46 Establish and promote a citywide sustainability program leading with exemplary environmental practices
- #53 Continue to expand recycled water services to support local agriculture and groundwater and surface water resources.
- #70 Continue to focus on water conservation and urban recycled water expansion.

The proposed action is crucial for continuing these workplan items, as ensuring the reliability of our wastewater chemical systems is fundamental to expanding recycled water services and urban water conservation efforts.

## **CLIMATE ACTION/SUSTAINABILITY EFFORTS**

The project plays a crucial role in ensuring the reliability of our wastewater treatment plant. By rehabilitating and upgrading its chemical systems, we enhance the facility's ability to treat wastewater effectively and in compliance with existing discharge permits, thus preventing inadequately treated water from flowing into our rivers. This upgrade helps protect our local waterways and aquatic ecosystems from contamination, promoting a healthier environment and safeguarding public health.

## **ENVIRONMENTAL REVIEW**

The project is eligible for a categorical exemption to the California Environmental Quality Act (“CEQA”) under Section 15302 (Replacement or Reconstruction), which applies to projects consisting of replacement or reconstruction of existing structures where the new structure will be located on the same site and will have substantially the same purpose as the structure being replaced. There is negligible or no expansion of use beyond what currently exists, and there are no cumulative impacts, unusual circumstances, or other factors that would make the exemption inapplicable. The project is also categorically exempt under CEQA Guidelines Sections 15301 (Existing Facilities) and 15303 (New Construction or Conversion of Small Structures) because the project involves improvements to an existing road and the minor expansion of two water lines, both of which qualify as minor improvements to existing facilities.

## **FINANCIAL IMPACTS**

There will be no financial impact based on the recommendation to reject all bids.

## **ALTERNATIVES**

If all bids are not rejected and the project is not rebid, the project budget and funding will need to be increased, and the project will be awarded to the lowest responsive and responsible bidder.

## **ATTACHMENTS**

1. Resolution
2. Location Map