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DATE: November 4, 2024

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

FROM: Kristin Arnold, PE – Senior Civil Engineer, Public Works and Utilities (PW&U)  
Isabelle Boettner, EIT – Assistant Engineer II, PW&U  
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SUBJECT: Resolution Authorizing Award of Contract for the Agricultural Recycled Water System Expansion – Adobe Road Project (C66501936) to K.J. Woods Construction, Inc.

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### **RECOMMENDATION**

It is recommended that the City Council adopt the attached Resolution authorizing award of contract for the Agricultural Recycled Water System Expansion – Adobe Road project (C66501936) to K.J. Woods Construction, Inc.

### **BACKGROUND**

The Agricultural Recycled Water System Expansion – Adobe Road project will extend the City’s recycled water distribution system to supply recycled water to agricultural customers that currently rely on groundwater or stormwater. This project will extend the existing recycled water pipeline on Frates Road—currently supplying recycled water to the Adobe Creek golf course—by approximately 5,000 feet to reach agricultural properties along Adobe Road.

The extension of this recycled water pipeline to agricultural properties will help reduce groundwater use, support water conservation initiatives, and increase resilience to drought events. Recognizing these benefits, the City applied for and was awarded an Urban and Multi-Benefit Drought Relief (UMDR) Grant from the State of California Department of Water Resources (DWR). On June 14, 2022, the City executed the grant agreement with DWR, securing \$2,902,500 for the project’s implementation. According to the agreement, grant funds will need to be used in full by February 2026.

## **DISCUSSION**

GHD prepared the construction plans and specifications, and a notice inviting bids was advertised on Friday, August 23, 2024. On September 26, 2024, the following bids were received:

<b><u>Name of Bidder</u></b>	<b><u>Base Bid</u></b>
Team Ghilotti, Inc	\$3,700,141
Mountain Cascade, Inc	\$4,354,922
Argonaut Constructors, Inc	\$3,896,615
Ghilotti Construction, Inc	\$3,678,813
Cratus, Inc	\$5,175,450
K.J. Woods Construction, Inc	\$2,938,000
Azul Works, Inc	\$3,409,600
TerraCon Constructors, Inc	\$3,242,316
<b><i>Engineers Estimate</i></b>	<b><i>\$3,100,000</i></b>

The lowest responsible and responsive bidder, K. J. Woods Construction Inc., was formed in 1994, is based in San Francisco, and has performed similar projects involving water and sewer main replacement throughout the Bay Area, including Petaluma. K. J. Woods Construction, Inc. possesses a valid Class A California Contractor's License (701797), which allows them to perform the work. It is recommended that the Council adopt the resolution awarding the contract to K. J. Woods Construction, Inc. in the amount of \$2,938,000. There were no bid protests, and the deadline to submit bid protests has lapsed.

Construction is scheduled to begin in Spring 2025 and is estimated to be completed during Summer 2025. City staff will conduct construction management and inspection services, with assistance from outside consultants, for quality assurance/quality control (QA/QC) testing services.

## **PUBLIC OUTREACH**

This agenda item appeared on the City's tentative agenda document on October 18, 2024, which was a publicly-noticed meeting.

## **COUNCIL GOAL ALIGNMENT**

The Capital Improvement Program serves as a comprehensive catalog of community needs. The full five-year program is reviewed and approved each year by the Council. The Agricultural Recycled Water System Expansion – Adobe Road/ Lakeville (C66501936) is included in the Capital Improvement Program on CIP-101. The full FY2024-2025 Adopted Operating and Capital Improvement Program Budget can be found here:

<https://cityofpetaluma.org/documents/fiscal-year-2025-adopted-budget/>

## **CLIMATE ACTION/SUSTAINABILITY EFFORTS**

Water is a vital and increasingly scarce resource in California and Petaluma, where the impacts of climate change, including prolonged droughts and diminishing snowpack, are already straining regional water supplies. These challenges directly affect local hydrology, limiting the natural recharge of groundwater aquifers and underscoring the need for sustainable alternatives. The Agricultural Recycled Water System Expansion - Adobe Road project is a key initiative to expand the City's recycled water system to agricultural customers, protect a critical resource, and promote climate-resilient, sustainable agricultural practices essential to our long-term environmental health. By expanding access to recycled water for agriculture, this project helps transition farmers away from groundwater and stormwater dependence, safeguarding the region's groundwater basin.

## **ENVIRONMENTAL REVIEW**

The Agricultural Recycled Water System Expansion – Adobe Road project satisfies the CEQA analysis as the project is located within the Recycled Water Service Area Boundary of the Water Recycling Expansion Program Environmental Impact Report (WREP EIR) and subsequent addenda. The project includes the installation of recycled water pipeline segments and using recycled water as evaluated in the WREP EIR. No new significant environmental effects have been identified, and no new mitigation measures are required compared to the WREP EIR. Additionally, this project's scope falls within the scope of the WREP EIR and subsequent addenda, and none of the conditions listed in CEQA Guidelines Section 15162 (Subsequent EIRs and Negative Declarations) would occur. The entire CEQA checklist document is included in Attachment 3.

## **FINANCIAL IMPACTS**

The Agricultural Recycled Water System Expansion – Adobe Road/ Lakeville (C66501936) project has a total project budget of \$5,629,000 which is sufficient to cover the costs of this phase of work. This project is largely grant-funded through the Urban and Multi-Benefit Drought Relief (UMDR) Grant, which requires funds to be used by February 2026. Currently, FY24/25 has no allocated budget. However, staff will request a mid-year budget adjustment to cover the costs for FY24/25 to ensure construction is complete before the grant deadline.

<b>Agricultural Recycled Water System Expansion – Adobe Road/ Lakeville (C66501936) Total Estimated Budget</b>	
<b>USES</b>	
Design/Planning/Environ/Land	\$ 431,000
Administration/Legal	\$ 10,000
Construction Contract	\$4,000,000
Construction Management	\$ 291,000
Contingency	\$ 800,000
CIP Overhead	\$ 97,0000
<b>TOTAL USES:</b>	<b>\$5,629,000</b>
<b>SOURCES</b>	

Waste Water Capital	\$1,327,000
UMDR Grant	\$2,902,000
Reclamation Title XVI Grant	\$1,400,000
<b>TOTAL FUNDS:</b>	<b>\$5,629,000</b>

### **ALTERNATIVES**

If the contract is not awarded to K.J. Woods Construction, Inc., the project would need to be re-bid, and construction would be delayed by approximately four months. This delay would put the City at risk of missing the grant deadline, which could result in a loss of funding and further depletion of groundwater resources.

### **ATTACHMENTS**

1. Resolution
2. Location Map
3. Adobe Road Recycled Water Pipeline Project CEQA Checklist