



DATE: September 28, 2021

CATEGORY: Consent

DEPT.: Public Works

TITLE: **Well Abandonments 10, 17, and 20, Project 19-39 – Reject Bid and Authorize for Rebid**

RECOMMENDATION

1. Reject the bid received for Well Abandonments 10, 17, and 20, Project 19-39.
2. Appropriate and transfer \$280,000 from Water System Improvements, Project 18-04, to Well Abandonments 10, 17 and 20, Project 19-39, increasing the project budget from \$650,000 to \$930,000. (Five votes required)
3. Authorize staff to rebid the project with modifications.
4. Authorize the City Manager or designee to award the construction contract to the lowest responsible bidder if the low bid is within the project budget.

BACKGROUND

The City owns seven potable groundwater supply wells distributed throughout its water service area. Four wells (19, 21, 22, and 23) are currently active. The remaining three wells (10, 17, and 20 – Figures 1 and 2) have reached the end of their useful lives due to mechanical issues and low production and have been out of service. Although Wells 10, 17, and 20 are no longer active, each well has to be destroyed according to regulations managed by Valley Water.

On [June 22, 2021](#), the City Council approved plans and specifications and authorized staff to advertise the project for bids.



Figure 1: Well 17 at Rengstorff Park

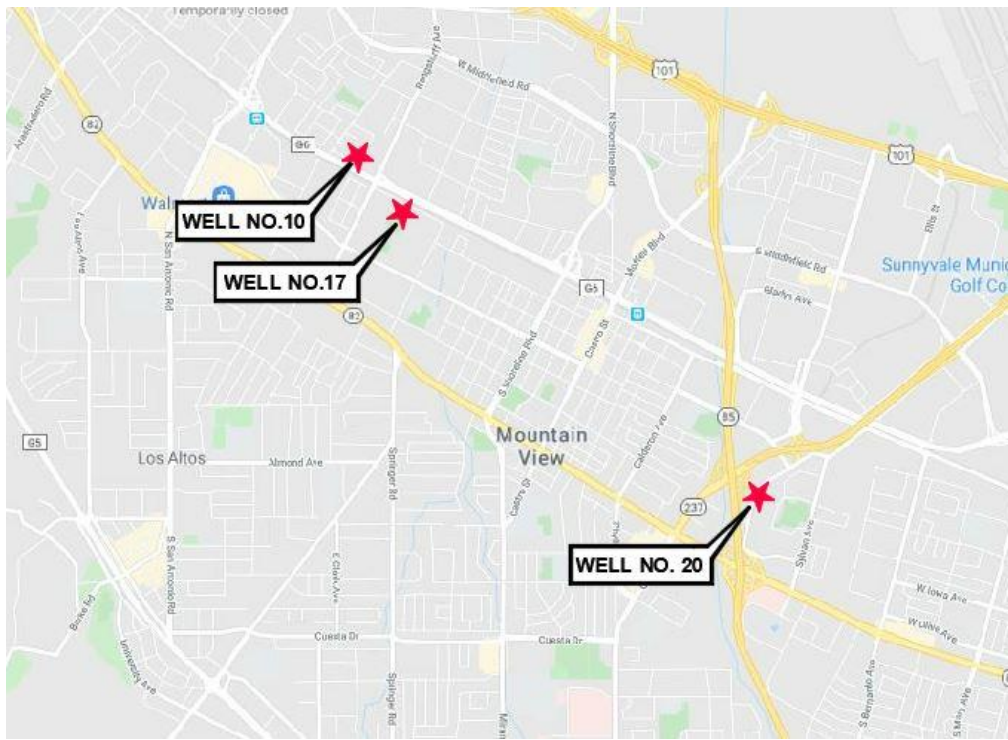


Figure 2: Location Map

ANALYSIS

On August 10, 2021, the City received one bid from Nor-Cal Pump & Well Drilling, Inc., for \$657,129, which is approximately \$370,000 higher than the Engineer's Estimate of \$287,730 and is higher than the project budget. Staff believes the current Statewide drought conditions have created a surge in water well construction activities in farm areas, resulting in low interest in urban area well construction work. In addition, overall inflation, rising costs of materials and labor, and the disposal costs for mercury seals of the well pumps have resulted in higher costs. As the project budget does not support the current bid, staff recommends rejecting the bid.

Staff considered recommending that rebidding the project be deferred until a more favorable bidding climate is available, such as when well drilling is not in high demand. Wells 10 and 20 have been out of service for more than 10 years and waiting another year or two should not create any problems. Well 17, however, must be destroyed and the site cleared by spring 2022 to construct the new Rengstorff Park maintenance building. The current maintenance building located at the end of the Community Center parking lot is to be demolished to make room for a new restroom building and other amenities associated with the upcoming Magical Bridge Playground.

There is time to rebid the project and meet the timelines for destroying Well 17. The purpose of rebidding the project would be to determine if lower bid prices can be obtained and, if not, have an option to only award the work for Well 17 and defer the work on the other two wells. If Council approves rebidding the project, staff will make the following modifications to the bid documents:

- Allow general contractors to bid using a subcontractor with a well drilling license (previous bid only allowed contractors with a well drilling license to bid). This will allow for a larger pool of contractors to bid the project and may lead to lower bid prices.
- Establish the abandonment of Well 17 as the base bid and include the abandonments of Wells 10 and 20 as alternatives. Staff would decide after receiving bids whether to proceed with alternatives depending on pricing and available budget. This means the City may abandon one, two, or all three wells with this project.

FISCAL IMPACT

Due to current market conditions, staff is recommending to augment the project budget to match the bid price submitted. Increased funding will allow flexibility when bids are

received to evaluate whether to proceed with all three well abandonments. The revised budget would be as follows:

Construction	\$607,000
Construction Contingency	60,000
Project Management and Inspection	100,000
Consultant Services	100,000
Miscellaneous (including permitting)	<u>5,000</u>
Subtotal	\$872,000
City Administration	<u>58,000</u>
TOTAL PROJECT COST ESTIMATE	<u>\$930,000</u>
CURRENT PROJECT BUDGET	\$650,000
BUDGET SHORTFALL	<u>\$280,000</u>

Well Abandonments 10, 17, and 20, Project 19-39, has a total budget of \$650,000 from the Water Fund. Staff is requesting a budget increase of \$280,000 from Water System Improvements, Project 18-04, which has sufficient balance for this recommendation. With the recommended increase, Well Abandonments 10, 17, and 20, Project 19-39, will have a total budget of \$930,000. If rebidding is successful in providing lower bids and the project completes under budget, any remaining funds will be returned to the Water Fund after project acceptance.

ALTERNATIVES

1. Accept the bid, increase the project budget by appropriating and transferring \$280,000 from Project 18-04 (five votes required), and proceed with construction by awarding the contract to the current bidder, Nor-Cal Pump & Well Drilling, Inc., for \$657,129, which includes a \$50,000 contingency.
2. Provide other direction.

PUBLIC NOTICING – Agenda posting.

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949-09-28-21CR
201400

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