



STAFF REPORT

MEETING DATE: February 14, 2024

PRESENTER: Jesus Gonzalez, City Engineer

SUBJECT: Award of Contract for Well 33 Pilot Hole Project to South Valley Companies, Inc. and Approval of License (JG)

RECOMMENDATION: Council by motion adopt;

1. Resolution awarding contract for Well 33 Pilot Hole Project to South Valley Companies, Inc. in the amount of \$386,500.00 including approval of 10% construction contingency in the amount of \$38,700; and
2. Resolution approving the license agreement with Joseph Crown Construction and Development, Inc. for the Well 33 Pilot Hole Project.

EXECUTIVE SUMMARY:

Two related resolutions are presented for the Council's consideration. One concerns the award of a contract to conduct a hydrogeological investigation for proposed Well 33. The second relates to a license agreement to go onto property where the proposed well will be located so that the investigatory work can be performed. Details on each are as follows.

Award of Contract.

On August 06, 2021, the State Water Resources Control Board Division of Drinking Water (DDW) issued the City a compliance order for exceeding the 1,2,3-TCP Maximum Contaminant Level (MCL) at Well 12. On November 20, 2021, in accordance with the requirements of the compliance order, the City prepared a corrective action plan (CAP) identifying improvements to Well 12. Subsequently on August 25, 2022, the DDW issued the City a compliance order for exceeding the Uranium MCL at Well 12. The second order caused the City to re-evaluate improvements to Well 12 with a decision ultimately made for its replacement with Well 33 on the north side of Kearney Boulevard at its intersection with Kenneth Avenue.

The Well 33 Pilot Hole Project is the first step in the well's development process. The Project will perform a hydrogeological investigation consisting of well drilling and water testing activities, to a depth of 950 feet, for assessing water quality and production capacity at the proposed Well 13 site. Results from the investigation will determine suitability for constructing Well 13 and its related site improvements as a future separate project. The site is currently privately owned and thus requires execution of a right of entry license agreement for meeting DDW CAP timing requirements.

On December 6, 2023 the City advertised a request for bids with six contractors submitting by the January 10, 2024, 2:00 PM deadline. The results are as follows:

Well 33 Pilot Hole	Base Bid
South Valley Companies, Inc.	\$386,500.00
Anthony J. Prieto Water Well Drilling, Inc.	\$393,500.00
Zim Industries, Inc.	\$421,600.00
Nor-Cal Pump & Well Drilling, Inc	\$463,070.00
WildHeron Drilling	\$495,469.37
Layne	\$721,550.37
Engineer's Estimate	\$379,000.00

Staff has reviewed the bid submitted by South Valley Companies Inc., along with information regarding their previous work experience. Based on review, Staff has determined the bid received to be responsive and South Valley Companies Inc. to be a responsible contractor.

License Agreement.

Well 33 is proposed on property owned by Joseph Crown Construction and Development, Inc. (Crown). Mr. Crown is currently processing a tract map which includes the property footprint proposed for Well 33. If hydrogeological investigation results are favorable, the necessary Well 33 property footprint will be dedicated to the City, as a part of the tract map's entitlement process, in exchange for fair land value compensation. To ensure that the timelines imposed by DDW are met, there is an immediate need to go onto the property to perform the Well 33 Pilot Hole Project as soon as possible. In that regard, the proposed second resolution approves the license agreement.

FISCAL IMPACT:

The total estimated Project cost is \$500,000, including design, construction management, inspection, testing and contingency. The City has budgeted \$50,000 for the Project from its Water Major Facilities Development Impact Fees, leaving a shortfall of \$450,00. Staff recommend that the shortfall be funded from proceeds received from litigation against the Dow Chemical Co, et al, or another source upon Council's direction. If the Project does not move forward at this time, the City will be unable to meet the hydrogeological investigation timeline approved by the DDW for replacing Well 12. Additionally, DDW could impose administrative penalties including a drastic revocation of water permit.

ATTACHMENTS:

- A. Resolution – Construction Contract
- B. Resolution – License Agreement
- C. License Agreement