

Agenda Item: {{section.number}}E

September 3, 2024

TO: THE ENGINEERING, OPERATIONS, AND WATER RESOURCES COMMITTEE

Director Gracie Torres

Director Fauzia Rizvi

FROM: Tim Barr, Deputy General Manager

APPROVE THE PRE-PURCHASE OF LONG-LEAD-TIME MECHANICAL AND ELECTRICAL EQUIPMENT FOR THE SARCCUP NON-POTABLE WELL 7 PROJECT (W-296B)

RECOMMENDATION:

Staff requests the Engineering, Operations, and Water Resources Committee recommend the Board of Directors:

1. Increase the budget of the SARCCUP Non-Potable Well 7 Project by \$700,000 from \$2,800,000 to \$3,500,000 by utilizing the Board adopted Fiscal Year 2024-2025 Capital Improvement and Facilities Plan under System Improvement Reserve RES04 of the Riverside Non-Potable Water Fund 21; and
2. Authorize the General Manager to approve a purchase order for Best Drilling & Pump, Inc., of Colton, CA in an amount of \$313,207 for the acquisition of mechanical pumping equipment required for the construction of the Well 7 Project (W-296B); and
3. Authorize the General Manager to approve a purchase order for Royal Industrial Solutions, of Riverside, CA in an amount of \$108,725 for the acquisition of electrical equipment required for the construction of the Well 7 Project (W-296B).

EXECUTIVE SUMMARY:

Developing local groundwater from the Riverside Basin will increase the water supply reliability for Western Municipal Water District's (Western Water) Riverside Retail Area and reduce dependance on imported water supplies from the Colorado River. The Board of Directors in June 2024 authorized a professional services contract with MKN & Associates for engineering design services and engineering support services during construction for the Well 7 Project. Design work is well under way. Meeting the construction schedule deadline required under the Santa Ana

River Conservation and Conjunctive Use Program Grant Agreement will require the pre-purchase of certain critical equipment for the project due to long lead times for delivery. This request is to increase the project budget by \$700,000 to purchase those items.

BUDGET IMPACT:

The proposed action to increase the capital budget by \$700,000 from \$2,800,000 to \$3,500,000 is necessary to accommodate this pre-purchase request and other expenses anticipated for staff labor and contingencies through award of the Well 7 construction contracts, but not including those contracts. The Board-adopted Fiscal Year 2024-2025 Capital Improvement and Facilities Plan (CIFP) includes \$1,800,000 under System Improvement Reserve RES04 of the Riverside Non-Potable Water Fund 21, which sufficiently covers the proposed project budget increase.

Western Water has secured Proposition 84 grant funding for this project through the Santa Ana River Conservation and Conjunctive Use Program. The estimated grant funding available for the project is \$4,500,000. The final grant amount is dependent on a review of eligible expenses.

DETAIL:

Developing local groundwater resources is important to increasing water supply reliability and reducing dependence on the Colorado River for non-potable customers within Western Municipal Water District's (Western Water) Riverside Retail Area. The intent of this new groundwater production well project is to diversify our supply portfolio with local groundwater. Considering the significant water supply challenges on the Colorado River, this new well will provide local supply reliability to our non-potable customers. Non-potable water is used for irrigation of trees, shrubs, and fields at schools and parks, irrigation of agriculture, and for nurseries that grow climate appropriate materials for distribution to the public through the big box home improvement stores.

The site of the well is within the Riverside-Arlington Groundwater Basin as identified in the State of California's Bulletin 118. Well drilling and testing has been completed verifying an available production rate of 1,500 GPM. Depending on customer demand, this non-potable well is expected to deliver 1,000 to 2,000 acre-feet per year of groundwater to Western Water's non-potable system.

The ideal location for the Well 7 location was identified in an unused corner of the parking lot of the Magnolia Presbyterian Church located at 7200 Magnolia Avenue, in Riverside. The Church is supportive of the project and willing to sell the small plot of needed land to Western Water as there are minimal impacts to the Church. In addition, a 20-foot-wide pipeline construction and maintenance easement will be secured to connect Well 7 to a new future pipeline in Magnolia

Avenue. Nearby electrical services and existing Riverside Public Utility (RPU) easements provide ready availability of power to the well site.

To complete the Well 7 Project in a timely manner and within the SARCCUP Grant Agreement deadline, staff recommends immediately authorizing the purchase of the required mechanical and electrical equipment for the project. Completion of the Well 7 Project design drawings will be in November 2024. Upon design completion, staff will begin the advertising and bidding process for construction. Once a construction vendor has been determined, staff will return to the Board of Directors for the required budget and contract award approvals. Staff estimates returning to the Board in December 2024 for required authorization. Pre-purchasing the mechanical and electrical equipment at this time, will make completion of the Well 7 Project by the grant deadline more feasible.

Staff has advertised for and secured responsive bids for the subject equipment from the vendors listed below. Staff has reviewed the bids and recommends proceeding with purchasing the required mechanical equipment from Best Drilling & Pump, Inc., of Colton, CA and the electrical equipment from Royal Industrial Solutions, of Riverside, CA. The table below outlines the bids received.

Vendor (Mechanical Equipment):	Location:	Bid Amount (\$)
> Best Drilling & Pump, Inc.	Colton, CA	\$313,207.00
Vendor (Electrical Equipment):	Location:	Bid Amount (\$)
> Royal Industrial Solutions	Riverside, CA	\$108,725.09
Rexel USA	Fullerton, CA	\$148,067.11
Procaliber Services	Riverside, CA	\$167,847.56

Prior Board of Director authorizations for the Well 7 Project total \$2,800,000 to date. The proposed project budget, inclusive of today's request, for the Well 7 Project through final design, construction bidding, award, and securing land entitlements is outlined in the table below. The table below does not include Project construction expenses. Unplanned expenses for coordination of the project's environmental documentation continue to involve both Western Water staff and legal staff. Additional allowances for these staff expenses are included in the

table below.

Prior Board Authorizations			
Land Acquisition	Purchase, Lease	\$131,000	
Well Drilling	Construction of Well Casing	1,200,000	
Design Services	Professional Consultants	885,733	
City of Riverside	Utility Relocations	120,000	
Staff & Legal	Project Management and Legal Support	463,267	
SUB-TOTAL		<u>\$2,800,000</u>	<u>\$2,800,000</u>
Proposed Pre-Purchase of Mechanical and Electrical Equipment			
Mechanical	Best Drilling & Pump, Inc.	\$313,207	
Electrical	Royal Industrial Solutions	108,725	
Contingencies	Through Finalization of Design	100,000	
Staff & Legal	Project Management and Legal Support	178,068	
SUB-TOTAL (NEW REQUEST)		<u>\$700,000</u>	<u>\$700,000</u>
GRAND-TOTAL			<u>\$3,500,000</u>

Additional authorization requests for construction activities will be submitted for consideration by the Board of Directors after design completion, advertisement for bids, selection of a recommended bidder, and the property purchase has been recorded.

Reason for Action:

Completing the Well 7 Project by the deadline in the grant agreement will require the pre-purchase of select equipment.

Solution:

Authorize increasing the Project budget and authorize the General Manager to approve purchase orders to pre-purchase the required mechanical and electrical equipment.

STRATEGIC PRIORITIES REFERENCE:

This action is consistent with Western Water's Strategic Priority of Superior Service.

PROPOSED DATE OF ACTION:

If approved by the Committee, this item is scheduled for consideration by the full Board of Directors at their meeting on September 18, 2024.

LEGAL COUNSEL REVIEW:

Not applicable.

Respectfully submitted by:

Tim Barr, Deputy General Manager