

# **STAFF REPORT**

## *City Council Business Item*

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**DATE:** March 6, 2023

**TO:** Honorable Mayor and Council Members

**FROM:** Mat Nyberg, Public Works Project Manager

**THROUGH:** Merritt Perry, City Manager

**SUBJECT:** **Authorize the City Manager to award the Water Tank Recoating Project (CIP 0925) to Simpson Sandblasting and Coating**

**STAFF RECOMMENDATION:**

Authorize the City Manager to award the Water Tank Recoating Project (CIP 0925) to Simpson Sandblasting and Coating and establish a maximum contract amount of \$955,000 and approve a Supplemental Budget Request (SBR) in the amount of \$783,000.

**EXECUTIVE SUMMARY:**

The Hillside and Campton Heights water tanks were constructed in 1989 and 1990, respectively. Unlike the City's water tank at Stuart Street or Vancil, these tanks are made of steel, and therefore require protective interior and exterior coatings to prevent corrosion and prolong tank life. To date, both tanks still have the original coatings. In the early 2010's, a project was added to the five-year Capital Improvement Program (CIP) as it was recognized that within the decade these tanks would require coating rehabilitation and/or replacement. In 2018, both tanks were fully inspected and it was determined the exterior coatings were beginning to fail, however the interior condition was generally good, and no interior rehabilitation was recommended at that time.

Over the next few years, the exterior coating project was in development; however, it was not until early 2022 that staff were able to ready the project for construction. Since several years had passed since the previous interior inspection, in June of 2022 staff worked with a specialized contractor to dive-inspect both tanks prior to finalizing a rehabilitation plan for the exterior. After the 2022 inspection, it was found that the interior coatings were showing signs of failure, and it was recommended to include the interior coating rehabilitation in the upcoming construction project. The recommendation came from the City's consulting engineer, GHD Inc, who has been retained through the on-call engineering contract to develop the project design and assist the City during construction. The recommendation to expand the project to include the interior coating of the reservoirs came after the adoption of the 2022/23 fiscal year budget and CIP, and therefore a supplemental budget request is required to increase the project budget to include the additional work

The current project as bid will include stripping the interiors and roofs of the tanks to bare metal, and applying several layers of new coating. The exterior sides of the tanks will be pressure washed

clean, spot prepped, etched and recoated. The tanks are large and the interiors are confined spaces, and therefore a reasonably large amount of scaffolding and ventilation will be required to complete the project, all items that increase overall project cost and effort.

With the design and contract documents finalized, the Water Tank Recoating Project bid package was released and publically advertised on December 12, 2022. The bid period ended on January 25, 2023, at 2:00 p.m., which time the City, received four responsive bids shown in the table below:

<b>Bidder</b>	<b>Base Bid Total</b>
Simpson Sandblasting and Coating	\$866,931
Unified Field Services	\$882,842
Farr Construction	\$910,700
Euro Style Management	\$1,037,000

The apparent low bid was submitted by Simpson Sandblasting and Coating with a total bid price of \$866,931. A detailed breakdown of the bids can be found in Attachment B. City staff and our consulting engineers have confirmed that the bid received from Simpson Sandblasting and Coating are responsive and that they have the necessary licenses and registrations. The City’s consultants have also confirmed that this price is consistent with those seen around the state, especially when the contractor has to mobilize from out of the area. Staff recommend awarding the contract to Simpson Sandblasting and Coating.

The low bid from Simpson Sandblasting is higher than the total established City fiscal year budget of \$300,000. As noted above the recommendation to expand the project to include rehabilitation of the tank interiors was made after the adoption of the FY 2022/23 budget, and therefore is higher than the original budget estimate. To cover the total cost of the project, which includes Simpson’s base bid price, a construction contingency, and continued construction support from the City’s consultants, a supplemental budget request has been prepared and is included as Attachment B.

If the project is awarded, staff anticipate being under contract in March. Mobilization and construction is anticipated to begin sometime this Spring, weather permitting, and the project would be completed before the rains next fall. The draft Notice of Potential Award is included as Attachment A.

**FINANCIAL IMPACT:**

The project is funded through the City Water Capital Reserve Funds (Fund 510). As noted above, the current fiscal year funding is \$300,000. The total anticipated costs to complete the project are shown in the table below:

Item	Cost
Contract with Simpson Sandblasting and Coating	\$866,931
Construction Contingency (10%)	\$88,069
Construction Engineering (GHD Inc.)	\$128,800
<b>Total</b>	<b>\$1,083,800</b>

To complete the project, staff are requesting that the Council authorize a supplemental budget request for \$783,000.

**RECOMMENDED COUNCIL ACTION:**

1. Receive staff presentation and review Council questions with staff
2. Open Public Comment
3. Close Public Comment
4. Motion to Authorize the City Manager to award the Water Tank Recoating Project (CIP 0925) to Simpson Sandblasting and Coating and establish a maximum contract amount of \$955,000, and approve a Supplemental Budget Request for \$783,000. Voice vote.

**ATTACHMENTS:**

- Attachment A – Draft Notice of Potential Award
- Attachment B – Detailed Bid Results
- Attachment C – Supplemental Budget Request

**Attachment A**

March 6, 2023

Sent via E-mail

Simpson Sandblasting and Coating  
14665 Rancho Vista Dr.  
Fontana, CA 92335

Re: **NOTICE OF POTENTIAL AWARD**  
Water Tank Recoating Project

Dear Mr. Ryan Simpson:

I am pleased to inform you of the intent to recommend that the City Council or its authorized designee award the Contract for the above-referenced Project (“Project”) to Simpson Sandblasting and Coating (“Contractor”) for the Contract Price of \$866,931.00 based on Contractor’s Bid Proposal submitted on January 25, 2023.

A copy of the Contract accompanies this Notice. Contractor must execute 2 copies of the enclosed Contract and return the wet-inked copies to my attention, accompanied by the required Payment Bond, Performance Bond, and insurance certificates and endorsements, no later than ten days from the date of this Notice of Potential Award, above.

Failure to execute and return the enclosed Contract and required bonds and insurance documentation within the specified time could result in forfeiture of Contractor’s bid security. This Notice of Potential Award does not bind the City to award the Contract. The City, acting through its City Council or authorized designee, reserves the right to reject any or all bids, and the right to decline to award the Contract, notwithstanding any staff recommendation.

Please acknowledge receipt of this Notice of Potential Award by signing the attached Acknowledgement of Notice of Potential Award, as indicated, and transmitting the Acknowledgement to my office via email at [bgray@ci.fortuna.ca.us](mailto:bgray@ci.fortuna.ca.us). Do not hesitate to contact me if you have any questions in this regard.

Sincerely,

*Buffy Gray*

Buffy Gray  
Deputy City Clerk

Enclosure

## Acknowledgement of Notice of Potential Award

On behalf of < \_\_\_\_\_ > (“Contractor”), I acknowledge receipt of the Notice of Potential Award for the Campton and Hillside Water Tank Coating Project:

s/ \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Attachment B – Detailed Bid Results**

BID ITEM NO.	ITEM DESCRIPTION	EST. QTY.	UNIT	Simpson Sandblasting	Unified Field Services	Farr Construction	Euro Style Management
				EXTENDED TOTAL AMOUNT	EXTENDED TOTAL AMOUNT	EXTENDED TOTAL AMOUNT	EXTENDED TOTAL AMOUNT
1	Mobilization/Demobilization	1	LS	\$ 38,000	\$ 36,779	\$ 49,900	\$ 30,000
2	Prepare, Spot Prep, and Paint Interior and Exterior Shell and Roof of Existing 1-MG Steel On-Grade Campton Heights Tank	1	LS	\$ 556,848	\$ 553,327	\$ 577,400	\$ 677,000
3	Prepare, Spot Prep, and Paint Interior and Exterior Shell and Roof of 250k-Gallon Steel On-Grade Hillside Tank	1	LS	\$ 265,583	\$ 282,736	\$ 259,400	\$ 315,000
4	1-MG Steel On-Grade Campton Heights Tank Disinfection and Disposal of Disinfection Water	1	LS	\$ 3,500	\$ 5,000	\$ 14,400	\$ 11,000
5	250k-Gallon Steel On-Grade Hillside Tank Disinfection and Disposal of Disinfection Water	1	LS	\$ 3,000	\$ 5,000	\$ 9,600	\$ 4,000