

TO: James L. App, City Manager
FROM: Doug Monn, Public Works Director
SUBJECT: Award of Membrane Filtration System for Water Treatment Plant
DATE: August 5, 2008

NEEDS: For the City Council to consider award of the Membrane Filtration System contract to Siemens Water Technologies Corporation.

- FACTS:**
1. The City will take delivery of 4,000 AFY of water from the Nacimiento Water Project in June of 2010.
 2. To facilitate the use of water, the City is designing a six million gallon per day water treatment plant facility for construction at its Thunderbird well field.
 3. One principal component of the proposed water treatment plant facility is the membrane filtration system. Three membrane manufacturers have proven, certified equipment in service in municipal treatment plants and each of these three approach their equipment configuration differently.
 4. On December 18, 2007, the City Council authorized Black & Veatch to proceed with securing bids for the membrane filtration system. This was done so that the membrane filtration system equipment could be designed and manufactured in a timely manner and so that the design of the balance of the water treatment plant may be tailored to the correct equipment configuration. Failure to secure the membrane equipment now would delay start-up of the treatment plant, such that the City would be unable to take Nacimiento water deliveries when they begin.
 5. Membrane filtration systems supplied by Zenon Environmental Corporation (GE Water & Process Technologies), Siemens Water Technologies Corporation, and Pall Corporation were invited to submit bids. Initial bids submitted on May 13, 2008, were rejected and the project was re-bid. On June 26, 2008, the City received bids from all three of the prequalified suppliers – Zenon, Siemens, and Pall.
 6. The engineer's estimate for the total present worth of the membrane filtration system was \$3,619,000. Bid amounts (Total Present Worth) ranged from \$3,331,696 to \$3,516,162.
 7. At the bid opening, Pall appeared to be the low bidder. However, following an evaluation of the bid materials submitted to the City that involved corrections to the bidders' Total Present Worth calculations, Siemens Water Technologies Corporation was determined to be the lowest responsive bidder.

ANALYSIS & CONCLUSION:

All three membrane system suppliers that submitted bids to the City are considered qualified to supply such equipment for a municipal drinking water application. The lowest responsive bid aligns well with the engineer's estimate and is therefore in-line with fiscal planning for the overall water treatment plant.

The City received a letter from Pall dated July 18, 2008, contesting the recommended award to Siemens. In that letter, Pall objected to the methodology used to calculate the Total Present Worth of the membrane filtration systems that

resulted in the determination that Siemens is the lowest responsive bidder. Staff reviewed the correspondence with the City Attorney's office and Black & Veatch, the design engineer, and concluded that the final Total Present Worth calculations were done in accordance with the contract documents and industry practice. Black & Veatch reported that they have used the same methodology in evaluating bids for membrane filtration systems on other public agency projects. Pall has been informed of the results of the City's review of the July 18, 2008 letter.

The membrane contract is set up in stages such that the recommended Council action tonight would commit the City to a \$100,000 amount associated with Stage I Work. Stage I work consists of membrane filtration system design and design support to Black & Veatch such that the membrane filtration system can be integrated into the overall water treatment plant design, and the preparation of a general contractor information package.

Stage II Work would commence upon the Council's award of a general construction contract for the overall water treatment plant, at which time the Siemens Water Technologies Corporation contract would be assigned to the construction contractor. Stage II work includes furnishing and delivering the membrane filtration equipment and related construction and start-up services.

Stage III and IV work includes support services during the system performance testing provided directly to the City and long-term operation and maintenance services.

It is in the best interest of the City of Paso Robles and its water users to award the membrane filtration system contract to Siemens Water Technologies Corporation, allowing design of the overall water treatment plant to be completed and construction bids sought early next year.

POLICY

REFERENCE: Economic Strategy; Integrated Water Resource Plan; Nacimiento Water Project Entitlement Contract.

FISCAL IMPACT: The cost for this service is being paid from the Nacimiento Water Fund. Award of the Membrane Filtration System contract would obligate the City to a \$100,000 value for design and bid phase services. Commitment to expend the balance of the membrane filtration plant bid amount (\$2,198,570 for Stage II) would be considered at the time of award of the general construction contract for the proposed water treatment plant. Staff expects to bring a recommendation for award of the overall water treatment plant construction contract forward by April 2009.

- OPTIONS:**
- a. Adopt Resolution No. 08-xx appropriating \$100,000 from Nacimiento Water Fund (No. 226.910.5452.544) to Nacimiento Water Treatment (No. 229.910.5452.544) and authorizing the City Manager to enter into a contract with Siemens Water Technologies Corporation in that amount and to authorize assignment of the Stage II Work to the general contractor at the time of such award.
 - b. Amend, modify, or reject the above option.

Prepared by: Christine Halley, Water & Utility Consultant,
TJ Cross Engineers, Inc.

Attachment
1) Resolution



CITY OF EL PASO DE ROBLES

"The Pass of the Oaks"

July 16, 2008

John Kutilek, Technical Sales Manager
MEMCOR Products
Siemens Water Technologies
333 South Street, Suite 300
Shrewsbury, MA 01545-4197

Louis Mattera, General Sales Manager
Pall Corporation
2200 Northern Boulevard
East Hills, NY 11054

Chris Allen, Regional Manager
GE Water & Process Technologies
3239 Dundas Street West
Oakville, Ontario, Canada L6M4B2

SUBJECT: Water Treatment Plant Project
Membrane Filtration System Procurement – Recommendation for Contract Award

Dear Sirs:

The City of El Paso de Robles received bids for the subject project on June 26, 2008, and has completed its evaluation of the bid submittals. For each of the three bids received, the Membrane Filtration Pumping Energy was corrected on the bid form, in accordance with the terms of the bid documents, to reflect correct Total Energy Use and Total Present Worth values. Details of these corrections are described in the attached bid report.

As a result of this evaluation, the low bidder was determined to be Siemens Water Technologies Corp. at a Total Present Worth of \$3,331,696.

City staff intends to make a recommendation for award of the subject contract to Siemens Water Technologies Corp. at the August 5, 2008, meeting of the City Council.

On behalf of the water treatment plant design team, I thank you all for your interest in this important City public works project.

Sincerely,

Doug Monn
Public Works Director

cc: Christine Halley, TJCross Engineers
Paul Kneitz, Black & Veatch
Linda R. Beck, McDonough Holland & Allen PC

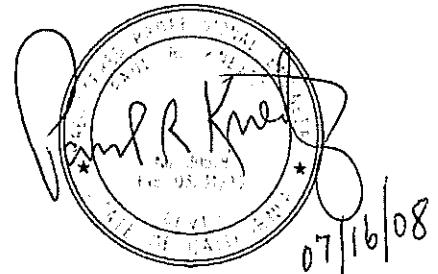
Enc: "Water Treatment Plant Project Membrane Filtration System Procurement Bid Report" dated July 16, 2008, prepared by Black & Veatch.



City of Paso Robles

**Water Treatment Plant Project
Membrane Filtration System Procurement
Bid Report**

July 16, 2008



BLACK & VEATCH
building a world of difference™

B&V Project No. 148379

B&V File No. G.5.1



PURPOSE AND BACKGROUND

Bids were opened on June 26, 2008 for the Membrane Filtration System (MFS) procurement. Bids were received from Siemens Water Technologies (Siemens), Pall Corporation (Pall), and GE Water Process & Technologies (GE). In accordance with our Agreement, this Bid Report presents our evaluation of the bids that were received and provides our finding regarding the best overall value to the City while meeting the performance requirements outlined in the Technical Specifications.

BID EVALUATION

Bid evaluation criteria are specified in Section 00100, Instructions to Bidders. Article 10 – Basis of Bids; Evaluation of Bids, Paragraph 10.02:

“Award of contract will be based on the results of a comparative evaluation process including proposal prices and 20-year present worth life cycle analysis of the proposed membrane system. The objective of the evaluation and selection process is to determine which Proposal provides the best overall value to the OWNER while meeting the performance requirements outlined in the Technical Specifications. The evaluation process considers the criteria described in Table 1.”

Table 1 – Bid Evaluation Criteria

<i>Item No.</i>	<i>Description</i>	<i>Evaluation Criteria</i>
1	<i>Price Proposal</i>	<i>Prices, as set forth in the Bid Form, including all Goods and Special Services (Stages I through IV, inclusive)</i>
2	<i>20-year Present Worth Energy Cost</i>	<i>Cost will be determined by ENGINEER based on the operating pressures supplied by Bidder in Table 1, Section 00400.</i>
3	<i>20-year Present Worth Membrane Replacement Cost</i>	<i>Cost will be determined by ENGINEER, based on membrane replacement requirements specified by Bidder in Table 1, Section 00400. Includes module replacement cost and labor associated with installation.”</i>

Our evaluation of the bids received for the MFS procurement follows the bid evaluation criteria noted above.

