

**Metropolitan Domestic Water Improvement District
Board of Directors Meeting**

March 13, 2017

**Award of the Construction Contract for
Drilling, Installation, and Testing of the OJ2 Production Well**

Synopsis

The Board of Directors is requested to award a construction contract to Stewart Brothers Drilling Company in the amount of up to \$635,416.00 for Drilling, Installation, and Testing of the Oracle-Jaynes Replacement Well (OJ2).

Background

Oracle Jaynes Station

The existing Oracle Jaynes Station Well is at the end of its useful life. The well is 45 years old, and production capacity has been reduced by 70 percent since 1993. On January 12, 2015, the Board of Directors approved the purchase of an adjacent parcel for a replacement well. The new deed for the property was recorded on December 18, 2015, and on June 30, 2016 the District completed the exploration and test well to gather design data for the replacement well.

The Board of Directors adopted funding in this fiscal year's mid-year budget review in the amount of \$1,200,000 to drill and equip OJ2.

City of Tucson Purchasing Agreement

The District has a Cooperative Purchasing Agreement with the City of Tucson's Department of Procurement. Thus, the District, as a "cooperator," is eligible to participate in the City's Job Order Contract (JOC) for Water Production Well Drilling Services. As stated in the District's Procurement Policy, using the City's rigorous bidding and contractor selection allows the District to reduce its overall procurement costs by not having to do a separate bid process. For this project, the District will be using JOC #140891.

There are three contractors on the City's JOC for Water Production Well Drilling Services. The District prepared specifications for this project as instructions for the contractors. On February 7, 2017, District staff and Clear Creek Associates met with the three contractors who are on the JOC, explained the project, visited the job site, and requested quotes by February 16, 2017.

Issues

As build-out continues in the Metro-Main Service Area, parcels available for future well lots will become increasingly more difficult to obtain. Therefore, staff believes that the municipal supply well, as an asset, should last as long as possible and that the District should engage in using the highest-grade material economically feasible in the wells. In the past, all wells had been installed with low-carbon steel casing and screens. More recent wells, Riverside Crossing and Magee Trail, were constructed of high-strength, low-alloy (HSLA) steel. The following materials are most commonly available and used for municipal supply well casing and screen:

(Lowest Corrosion Protection → → → *Highest Corrosion Protection)*
 Low-Carbon Steel → Cu-Bearing Steel → HSLA Steel → Stainless Steel
(Lowest Cost → → → → → → → *Highest Cost)*

To achieve greater longevity and lower life-cycle costs, stainless steel well casing and screen were specified. An alternative quote was requested for high-strength, low-alloy (HSLA) steel. District staff are supportive of the switch to a stainless steel well casing and screen materials as the current cost of adding a liner to a well with a corroded well casing is about the same as the additional capital cost for stainless steel materials. Additionally, ongoing well maintenance costs are anticipated to be less than if HSLA or low-carbon steel were used.

Quotes for the JOC were received at the District office on February 16, 2017. The quote totals from the three contractors are as follows:

	Stainless Steel	HSLA
Arizona Beeman Drilling	\$677,127.00	\$509,775.00
Layne Christensen Company	\$678,187.00	\$555,453.00
Stewart Brothers Drilling Company	\$635,416.00	\$477,880.00
Consultant’s Estimate	\$716,790.00	\$587,740.00

The low bidder was Stewart Brothers Drilling Company. This company’s home office is located in Milan, New Mexico.

For this project, portions of the work will be 24/7. Before drilling commences, staff will send a letter to District customers and neighbors notifying them of the project, and temporary noise mitigation walls (or “sound panels”) will be employed.

Budget

Budget		Projected Expenses	
Drilling and Consultant	\$600,000	Clear Creek Assoc.	\$73,341
		Stewart Brothers	\$635,416
		Water Quality Testing	\$5,000
		Geophysics	\$5,000
		Total =	\$718,757.00
Projected Budget Difference = - \$118,757			

Recommendation

It is recommended that the Board of Directors approve the construction contract for the Drilling, Installation and Testing of the OJ2 Production Well with Stewart Brothers Drilling Company in the amount of up to \$635,416.00.

It is also recommended that the General Manager be granted authority to approve the following changes to the construction contract: 1) allocate additional funding in a cumulative amount not to exceed \$25,000 and 2) increase the original construction contract term in a cumulative amount not to exceed 60 calendar days. Any changes in excess of the above limits will be submitted to the Board of Directors for approval.

Suggested Motion

I move to approve the construction contract for the OJ2 Production Well with Stewart Brothers Drilling Company in the amount of up to \$635,416.00. I also move to grant the General Manager authority to approve the following changes to the construction contract: 1) allocate additional funding in a cumulative amount not to exceed \$25,000 and 2) increase the original construction contract term in a cumulative amount not to exceed 60 calendar days. Any changes in excess of the above limits will be submitted to the Board of Directors for approval.

Respectfully submitted,

Michael W. Block
 Water Resources Manager

I concur with the above-noted recommendation.

Respectfully submitted,

Joseph Olsen, P.E.
 General Manager