

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

November 14, 2022

**Award of Construction Contract for Drilling, Installation, and Testing of the E&T 22
Replacement Well, Ironwood Production Well and the New Linda Vista Well Deepening**

Synopsis

The Board of Directors is requested to authorize the General Manager to execute a contract with KP Ventures Well Drilling & Pump Co, LLC (KP Ventures), in an amount not to exceed \$2,861,738.50 and to expend an additional \$50,000 in the event unforeseen conditions arise during construction.

Background

There are three drilling tasks associated with the bids solicited from drilling contractors: E&T 22A Production Well, Ironwood Production Well, and the New Linda Vista Well Deepening.

Task Order 1: Drilling, installation, and testing of the E&T 22 Replacement Well

The existing E&T 22 production well is 33 years old and has experienced severe casing corrosion. The E&T 22 replacement well, which will replace E&T 22, will be larger in diameter, drilled to 500 feet, constructed of stainless steel, and have glass bead filter pack to provide a longer production life cycle.

Task Order 2: Drilling, installation, and testing of the Ironwood Production Well

The Ironwood production well will provide blending capacity for the future delivery of Northwest Recharge, Recovery, and Delivery System (NWRRDS) water. The well site is located near the Ironwood Elementary School along the NWRRDS pipeline leading to the Herb Johnson Reservoir.

Task Order 3: Deepening of the New Linda Vista Well

The pump has been lowered to its deepest limit in the New Linda Vista well, which limits the operational life expectancy for the well. In order to increase the operational life, the well will be deepened by 200 feet. A simple low-carbon steel slotted casing will be installed to the new depth. This will allow the pump to be installed at least 100 feet deeper than the well's current depth and add years of life to the well's production capacity.

Bids were solicited in 2021 for the E&T 22 Well Replacement, but only one bid was received and it was significantly higher than the budgeted amount. At the March 17, 2022 Finance Oversight Committee meeting, staff proposed adjusting the Capital Improvement Program (CIP) to shift the construction phase for both the E&T 22 Well Replacement and the Ironwood Blend Well to Fiscal

Year 2023 from Fiscal Year 2022. At that meeting, staff also discussed bidding the E&T 22 Well Replacement, the Ironwood Blend Well, and the New Linda Vista Well Deepening concurrently under a single procurement in order to achieve potential savings from economies of scale.

On June 13, 2022, the Board of Directors adopted Resolutions 2022-3 and 2022-6, authorizing the General Manager and Chief Financial Officer to incur debt through the execution of Water Infrastructure Finance Authority (WIFA) of Arizona loan agreements for construction of the E&T 22 Well Replacement and the Ironwood Blend Well, respectively.

On October 12, 2022, WIFA staff held a pre-Board meeting with District staff to review WIFA requirements and provide guidance. At that meeting, WIFA noted it does not require the use of Disadvantaged Business Enterprises (DBE), however, borrowers still need to follow the “Good Faith Efforts” to allow DBE businesses to participate in the bidding process. Staff reviewed the March 16, 2020 City of Tucson Request for Qualifications Number 202445 Job Order Contract (JOC) for Water Production Well Drilling Services to confirm compliance with the Good Faith Efforts. That solicitation, and the resulting contracts, are subject to the City of Tucson’s Small Business Enterprise (SBE) requirements for projects that meet or exceed the Formal Solicitation Threshold established by the Tucson Procurement Code, set at one hundred thousand dollars (\$100,000) at the time of the solicitation. Program requirements are codified in Chapter 28, Article XIII of the Tucson Procurement Code. The Job Order Contractor was required to submit to the Department of Procurement, Business Enterprise & Compliance Program either a completed offeror’s statement of proposed SBE Participation Plan or an Affidavit of Good Faith Efforts indicating whether the request is for a full or partial waiver.

On October 12, 2022, staff submitted the bid package to WIFA for review. WIFA confirmed the Davis Bacon wage determination used in the solicitation, AZ20220018/5, was the correct one and instructed staff to monitor the SAM.gov website for updates until the task order is awarded. As of November 10, 2022, the wage determination has not been updated. Staff will review the wage determination on November 14, 2022 prior to the Board meeting. Staff also reviewed the Entity status on the SAM.gov website.

Issues

On September 30, 2022, schedule and cost proposals were solicited from the four contractors on the City of Tucson Job Order Contract for Water Production Well Drilling Services (Contract Number 202445). Cost proposals were requested for Non-WIFA and WIFA funding requirements for both the E&T 22 Replacement Well and the Ironwood Production Well. In addition, there were two bid alternates associated with disposal of drilling mud for the Ironwood Production Well. Alternative A included on-site mud pits and burial of drilling mud; Alternative B included the use of above ground mud tanks with off-site disposal of drilling mud.

A pre-bid site visit was held on October 13, 2022 and all four contractors attended the meeting. Addendum No. 1 summarizing the discussion and providing clarification to questions raised during the meeting was issued October 24, 2022.

Schedule and cost proposals were received on November 7, 2022 and opened publicly via a virtual meeting. Two contractors submitted bids and the KP Ventures bid was the apparent low bid. Following the bid opening, staff reviewed the bids and discovered a discrepancy between the KP Ventures total bid amount for the Ironwood Production Well that was read during the bid opening for both the non-WIFA and WIFA bids. The individual line-item amounts were tallied by staff and the resulting bid was still the lowest apparent bid. It is noted that a quantity error was also discovered that affected the total bid price. The corrected quantities were applied to both bids and the KP Ventures bid remains the lowest apparent bid.

The total bid for E&T 22 Replacement Well (WIFA funded), the corrected Ironwood Production Well, Bid Alternate B (WIFA funded), and New Linda Vista Well Deepening is \$2,861,738.50.

KP Ventures maintains the required license through the Arizona Registrar of Contractors and no complaints are listed. Staff queried the Occupational Safety and Health Administration (OSHA) website for the past five-year period and no complaints or violations were listed. The KP Ventures home office is located in Camp Verde, Arizona. An entity search was conducted on SAM.gov per WIFA requirements and KP Ventures was not listed with any exclusions.

Based on the foregoing evaluation, staff determined the lowest cost, responsive, and responsible bidder for the three drilling tasks was KP Ventures.

Recommendation

It is recommended that the Board of Directors authorize the General Manager to execute a contract with KP Ventures to provide production well drilling, installation, and testing for an amount not to exceed \$2,861,738.50.

It is also recommended that the General Manager be granted authority to utilize additional funding in a cumulative amount not to exceed \$50,000. Any changes in excess of the above limits will be submitted to the Board of Directors for approval.

Suggested Motion

I move to authorize the General Manager to execute an agreement with KP Ventures Well Drilling & Pump Co, LLC in an amount not to exceed \$2,861,738.50 for the E&T 22 Replacement Well (WIFA funded), Ironwood Production Well, Bid Alternate B (WIFA funded), and New Linda Vista Well Deepening, and to authorize the General Manager utilize additional funding in a cumulative amount not to exceed \$50,000.

Respectfully submitted,

I concur with the above-noted recommendation.
Respectfully submitted,

Wally Wilson
Water Resources Manager

Joseph Olsen, P.E.
General Manager