



**CITY COUNCIL SPECIAL MEETING
AGENDA**

**November 6, 2014 5:00 PM
Council Chambers, Civic Auditorium
400 N. Douty St.**

SPECIAL MEETING - 5:00 PM

ROLL CALL BY THE CITY CLERK:

FLAG SALUTE:

PUBLIC COMMENT:

Any person may directly address the Council at this time on any item on the agenda, or on any item that is within the subject matter jurisdiction of the Council. A maximum of five minutes is allowed for each speaker.

Written Correspondence:

1. CONSENT CALENDAR:

All items listed under the Consent Calendar are considered routine and will be enacted by one motion (**ROLL CALL VOTE required**). For discussion of an item on the Consent Calendar, it will be removed at the request of any member of the City Council or any person in the audience and made a part of the regular agenda.

- A.** Public Works: Reject all bids for the Hidden Valley Park Pedestrian Bridge Replacement Project, and authorized staff to re-bid the Project.

2. NEW BUSINESS:

- A.** Public Works: Adoption of emergency Resolution 14-58-R for the immediate installation of a continuous chlorination system as directed by the State Water Resources Control Board and award of a contract to Telstar Instruments of Hanford, California for a not to exceed cost of \$792,690.00.
- B.** City Manager: Authorization to Secure a New Letter of Credit or Refinance Existing Debt

ADJOURNMENT:

Materials related to an item on this Agenda submitted to the City Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office located at 319 N. Douty Street, Hanford, California 93230, during normal business hours. City Council Agendas and materials are also available at the City's website, www.cityofhanfordca.com; subject to staff's ability to post the agenda before the meeting.

If you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in this meeting, please contact the City Clerk's office, 559-585-2515, 319 N. Douty Street, Hanford, California 93230, at least 2 days prior to the meeting {28 CFR 35.102.35.104 ADA Title II}



AGENDA STAFF REPORT

MEETING DATE: 11/6/2014

AGENDA SECTION: 1. A.

SUBJECT:

Public Works: Reject all bids for the Hidden Valley Park Pedestrian Bridge Replacement Project, and authorized staff to re-bid the Project.

RECOMMENDATION:

That the City Council, by motion, reject all bids for the Hidden Valley Park Pedestrian Bridge Replacement Project, and authorize staff to immediately re-bid the Project.

BACKGROUND:

In accordance with Council Action, bids were solicited and opened on October 16, 2014 for the Hidden Valley Park Pedestrian Bridge Replacement Project. This project consists of the construction of concrete abutments, sidewalks, bridge deck, and wingwalls, as well as installation of a pre-manufactured steel bridge and placement of the concrete bridge deck.

The specifications state that the contractor must demonstrate that they have been engaged in the business of constructing bridge or overpass abutments, and provide a reference for a comparable project that was completed in the past five years. A total of six bids were received, however staff has made the determination that the bids were non-responsive due to inadequate references.

The Notice to Contractors states that the City reserves the right to reject any and all bids. As a result, staff recommends that the City Council reject all bids and authorize staff to immediately re-bid the project.

FISCAL IMPACT:

With the rejection of all bids, there will be no impact on the budget at this time.



AGENDA STAFF REPORT

MEETING DATE: 11/6/2014

AGENDA SECTION: 2. A.

SUBJECT:

Public Works: Adoption of emergency Resolution 14-58-R for the immediate installation of a continuous chlorination system as directed by the State Water Resources Control Board and award of a contract to Telstar Instruments of Hanford, California for a not to exceed cost of \$792,690.00.

RECOMMENDATION:

That the Council, by motion:

1. Adopt the attached Resolution No. 14-58-R approving funds for the emergency chlorination of the City's domestic water system.
2. Approve the purchase and installation of chlorination systems at City well sites from Telstar Instruments of Hanford, California for a not to exceed cost of \$792,690.00.
3. Appropriate \$792,690.00 from Water Capital Reserves to fund this project.

BACKGROUND:

The City began having Total Coliform failures in June of this year. At the time, there were many new projects connecting to the City water system. We believe that the contamination was caused by poor workmanship and care in connecting to the water system.

City staff worked to flush the system and could not clear the contamination. Subsequently, the State Water Resources Control Board required the City to implement their emergency temporary chlorination program in an attempt to remove the contaminants from the system. Staff have been unsuccessful, without the use of chlorination, to provide water that meets the Total Coliform Rule.

The City of Hanford has now received notice from the State Water Resources Control Board that we have violated the Total Coliform Rule for our domestic water system for three months straight and are now required to provide continuous chlorination.

Telstar is the integrator of the City's SCADA system for our water system and our wastewater treatment plant. They have also been the electrician for a number of our wells and the current Well No. 50 project. City staff is confident that the cost of purchase and installation of the chlorination systems is competitive with the current market.

FISCAL IMPACT:

This project was not part of the current two year capital budget; therefore, an additional appropriation of \$792,690.00 from Water Capital Reserves is necessary to fund this project. There are sufficient funds in the Water Capital Reserves to fund this project and all currently planned projects.

ATTACHMENTS:

Description

- ☐ Resolution 14-58-R
- ☐ Telstar Proposal

RESOLUTION NO. 14-58-R

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HANFORD APPROVING
EXPENDITURE OF FUNDS FOR EMERGENCY CHLORINATION OF THE CITY WATER
SYSTEM

At a special meeting of the City Council of the City of Hanford, duly called and held on November 6, 2014, at 5:00 P.M., and upon a motion by Council Member _____ and seconded by Council Member _____ and duly carried, the following resolution was adopted:

WHEREAS, the City operates a municipal water system for the residents; and

WHEREAS, the City has violated the State's Total Coliform Rule for three consecutive months; and

WHEREAS, the City has attempted through extensive means to eliminate the coliform contamination in the City system by temporarily chlorinating the system and flushing the system in areas of failure; and

WHEREAS, the State Water Resources Control Board – Drinking Water Division has notified the City that due to the three consecutive monthly violations that the City water system will be required to have continuous chlorination; and

WHEREAS, the City is currently spending approximately \$50,000 per month for the temporary chlorination process and the normal process to design, bid, and construct this project would be approximately six months; and

WHEREAS, work that costs \$5,000.00 or more which relates to public facilities must normally be put out to bid in accordance with the California Public Contract Code; and

WHEREAS, the cost to install the equipment on each of the City's 14 wells will exceed \$5,000.00; and

WHEREAS, the Public Contract Code allows the City to forego the formal bidding process if the City Council of the City of Hanford makes required findings regarding emergency circumstances.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hanford, as follows:

Section 1: The City Council of the City of Hanford hereby finds that an emergency exists for the purposes of Section 1102 of the Public Contract Code since the immediate installation of a continuous chlorination system will reduce the expenditure of unnecessary funds for a temporary chlorination program and allow the City to have more control over the chlorination of the system to avoid over chlorination and potential harm to residents.

Section 2: The City Council of the City of Hanford further determines that public interest and necessity require the immediate expenditure of funds to address the current emergency conditions and to protect the residents of the City of Hanford.

Section 3: City staff is hereby authorized to expend \$792,620 for the purchase and installation of new chlorination systems at City wells that include a chlorine pump, analyzer, and tank, a building to house the chlorination system, and all necessary piping and appurtenances to ensure a complete and working system.

Passed and adopted at a special meeting of the City Council of the City of Hanford duly called and held on the 6th day of November, 2014, by the following vote:

AYES: _____

NOES: _____

ABSTAIN: _____

ABSENT: _____

GARY PANNETT
MAYOR of the City of Hanford

Attest:

JENNIFER GOMEZ
CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF KINGS) ss
CITY OF HANFORD)

I, Jennifer Gomez, City Clerk of the City of Hanford, do hereby certify the
foregoing Resolution was duly passed and adopted at a special meeting of the City
Council of the City of Hanford held on the ____ day of _____, 2014.

Date: _____

City Clerk



C10 Contractor License #422364

**CONTROL SYSTEM INTEGRATION • INSTRUMENTATION SALES & SERVICE
SCADA • PLC/HMI • Telemetry • Calibration • Maintenance**

October 29, 2014

Hanford Public Works

Sent via email: mcosenza@ci.hanford.ca.us

Attn: Mike Cosenza

Subj: Well Sites Chlorine Disinfection Station Additions

Ref: SR 26590 Revision B

Dear Mike,

Telstar is pleased to quote on the above referenced project. We are proposing to furnish and/or install the following on a Design Build basis or as a sole source supplier for tasks designated by the City of Hanford. Telstar specializes in SCADA/Chemical Feed systems design, application, installation, maintenance and support. Our team of California certified professional engineers guarantees the systems we design and install will function to your complete satisfaction with a minimum of maintenance and repair. Our team of Professional Engineers includes, PE Electrical Systems, PE Control Systems and PE Civil Engineering. Our highly trained staff will custom design your system to fit your needs with the best products available. Our ongoing support during and after project completion keeps your operations running at the highest efficiency, freeing your operations staff to be as productive as possible.

Telstar recently successfully completed the instrumentation, electrical and SCADA system upgrades for the City and is intimately familiar with your existing SCADA/HMI/PLC design, programming, operation and technical requirements for this project. With this in-depth knowledge of your existing system Telstar is able to reduce the cost for implementation, engineering, design and construction for the new system additions. Our proposal is broken down into "Contractor Services" and "Telstar Scope of Work", these are as follows:

1. Prepare and excavate area where new 8 x 8 chlorine disinfection building will be installed. Excavate area, 10'x10'x6", form and install rebar for pad and pour concrete pad for new building.
Price: \$55,600.00

1717 Solano Way, Unit 34, **Concord**, CA 94520 Phone 925-671-2888, Fax 925-671-9507
4017 Vista Park Court, **Sacramento**, CA 95834 Phone 916-646-1999, Fax 916-646-1096
202 South Douty Street, **Hanford**, CA 93230 Phone 559-584-7116, Fax 559-584-8028

2. Supply and install fourteen (14) each, 8' x 8' x 8' wooden buildings at each well site to house Chlorine disinfection equipment. The building will have double doors to allow for ease of access of equipment in and out of the building. The building will have a forced ventilation fan, interior fluorescent lighting, chemical resistant piping for both electrical conduit/fittings as well as the distribution piping and plumbing. Electrical outlets and switches will be installed to code and as needed to power the instrumentation and controls outlined herein. Included will be a baseboard heater with thermostat control. Supply and install an exterior light with motion sensor located above the entry doors. Supply and install an intrusion switch on the interior of the building that will be tied into the well site SCADA system.
Price: \$213,350.00
3. Supply and install fourteen (14) each, 400 gallon chemical storage tanks with double containment. Tanks will have discharge fittings, man way hatch and cover as well as fill and ventilation fittings. All plumbing and valves will be schedule 80 PVC. All pipe support brackets and mounting stands will be fiberglass. The tank and chemical feed equipment will be mounted on a fiberglass catch/spill basin with leak detection switch to interface with SCADA. The tanks will be installed with seismic restraints.
Price: \$28,400.00 (Materials only, labor included other items herein)
4. Supply and install all necessary electrical PVC conduit and fittings along with schedule 80 PVC process piping for the hypochlorite chemical feed system. Install all piping to make a complete operational system between the new chemical feed building and the process piping location as best determined with City personnel. Install all necessary electrical conduit and wiring between the chemical feed building and the existing RTU panel and existing power distribution panel.
Price: \$164,450.00
5. Supply and install fourteen (14) each corporation stop valves with diffusers. Provide the labor and materials necessary to relocate the column fill piping to allow for installation of the new diffusers.
Price: \$23,750.00
6. Supply and install fourteen (14) each eye wash stations on the exterior of the buildings. Plumb the eye wash stations into the existing water piping. Install an eyewash activation switch that will tie into the SCADA system to alert staff the eyewash station has been activated.
Price: \$21,450.00
7. A gravel bed drain will be added at the exterior of all 14 buildings to drain the sample water from the chlorine analyzer.
Price: \$9,675.00

- A. Supply and install fourteen (14) each Chemical feed peristaltic metering pumps rated at a maximum of 5 gallons per hour. Each pump will have suitable I/O to interconnect with the existing SCADA system. The I/O will include 4-20 milliamp input and output, pump run status, pump leak status, and manual/ auto control/status.
Price: \$71,536.00
- B. Provide instrumentation and electrical design engineering staff utilizing Professional Engineers (PE's) registered within the state of California to perform the instrumentation system design and programming of the existing SCADA system at all well site locations for the chlorine chemical feed disinfection system additions. Programming for the existing SCADA system HMI/PLC system will incorporate the latest System Platform design for operation and monitoring of the new chlorine chemical feed disinfection systems located at the well sites. SCADA system scope of work will include PLC modifications of hardware and software as well as additional graphic screens programming to the HMI software, depicting the status and control of each well chemical feed system.
Price: \$109,480.00
- C. Supply and install fourteen (14) each, free chlorine residual analyzers. The analyzers will have a 4 to 20 mA output to be connected to the existing SCADA system. The existing SCADA system will be reprogrammed to control the chemical feed pumps automatically in a closed loop configuration utilizing the signal from the new analyzers.
Price: \$116,325.00
- D. Telstar has incorporated in this proposal, a test phase for the new chlorine analyzers. After review of your process documentation supplied by the City of Hanford, it is apparent the water system operates at elevated pH levels at various times of the day. Due to this we need to verify the analyzers will operate properly under these conditions. We will install a new chlorine analyzer at a customer specified location to verify the analyzer operational status and ability to monitor the chlorine levels accurately with a minimum of operator interaction/maintenance. There are a number of analyzers available that will work in your application but each manufacturer has different maintenance and calibration routines. We have selected the best analyzer for your application based on our field experience and by running a sample test at one of the well sites, we will be sure the proper analyzer is installed in your system.
Price: \$8,760.00
- E. Provide Startup and Testing of entire system with Contractor, Engineer and Owner
Price: \$27,675.00



Total price based on outline noted above.....\$850,451.00

Contract award discount (6.8%).....<\$57,831.00>

New Revised Price with discount included.....\$792,620.00

NOTE: Any work on existing Distribution Systems piping will be completed by personnel licensed by California Department of Public Health as a Treatment and Distribution Operator.

These prices do not include applicable tax or freight.

Terms and Conditions: For your convenience, we now accept all major credit cards. We can commence with this at your direction. This quote is valid for thirty days. This quote is based on information provided to Telstar and may or may not be correct or complete. Please review this proposal for compliance with the complete and final specifications and drawings before acceptance. Our terms are due and payable 30 days from date of invoice. Payments must be made on a minimum of a monthly basis. If payment is not received by the 30th day, a .05% daily service charge (18-3/4% per annum) will be charged on all accounts past due. Rates quoted herein will automatically be increased for overhead, and cost of living at a minimum of every year, or at contract renewal, whichever is less. Attorney's fees, court costs and costs of collection will be paid to prevailing party. Permits and bonding are excluded unless otherwise noted herein. Our standard insurance applies unless otherwise, agreed to in writing by Telstar. We accept no responsibility for consequential damages and our standard warranty applies. Telstar does not warranty OEM equipment; the standard manufacturer's warranty applies. Any labor performed by Telstar due to equipment warranty claims, is due and payable as an extra and/or additional charge to the quote noted herein. Please reference the above stated quote number in all correspondence and purchase orders. Unless otherwise noted, this quote is based on standard straight time hours and does not include any prevailing wage rates unless agreed in writing by Telstar. Vehicle expense will be in addition to the price quote, unless specifically included within the body of this quote. The price quoted herein is for the labor and materials specifically listed within the body of this quote. Service calls and time and materials rates carry a 4-hour minimum per person, any time over 4 hours is charged as 8 hours. Cancellation charges apply including engineering, labor, materials, quote and estimating time, markup, % of profit, return goods fees, etc. at the time of written cancellation notice to Telstar.

We can proceed with this at your notice and look forward to working on this project. If you have any questions please do not hesitate to contact me at 925-671-2888.

Sincerely,

John Gardiner

Vice President, Telstar Instruments Inc.

K:\SHARE\QUOTES\Customer Name G-L 09-current\Hanford PW 26590 Well Sites Disinfection Stn (2) Revised 091814.docm



AGENDA STAFF REPORT

MEETING DATE: 11/6/2014

AGENDA SECTION: 2. B.

SUBJECT:

City Manager: Authorization to Secure a New Letter of Credit or Refinance Existing Debt

RECOMMENDATION:

That the City Council direct staff to either secure a new letter of credit, or move to refinance the existing debt instrument to secure immediate Sewer Fund Savings.

BACKGROUND:

At the last City Council Meeting, staff shared with the Council a notice that was given by Union Bank, indicating their option not to renew a long-standing letter of credit for the 1996 Sewer Revenue Bonds, Series A. The balance of the letter of credit is approximately \$4 million, and deemed too small for Union Bank to keep in their portfolio.

Staff contacted two local banks and sought their interest in providing a replacement letter of credit or in providing commercial paper to replace the instrument. Both banks declined.

Mr. John Fitzgerald, of Fitzgerald Public Finance is the placement agent for the City of Hanford on this matter. Mr. Fitzgerald has evaluated the scenario and has provided two possible actions for Council consideration. The first option is to seek a replacement letter of credit through Gates Capital of New York. This is a key business component of Gates Capital. Mr. Fitzgerald has evaluated our principal payment schedule over the remaining life of the issuance and had recognized the increase in payments over the remaining term. That led to option 2.

Mr. Fitzgerald has also identified the following alternative: In 2012, the City issued fixed rate Wastewater Revenue Refunding Bonds on a parity basis with the 1996 Sewer Bonds. The 2012 bonds mature in 2032. The Council can refund the 1996 bond with a fixed debt service payment per year of about \$260,000 in today's market also maturing in 2032. Therefore for the next six years the annual savings would be about \$140,000 per year as compared to the variable rate principal amount of \$400,000 per year and then for the three years ending in 2023 an annual savings of about \$240,000 as compared to the variable rate principal of \$500,000 per year. Total savings over the next nine years would be about \$1,560,000. After 2023 the annual debt service would continue at \$260,000 for the remaining nine years to 2032. For the total 18 year payout period there is a small present value loss of about \$150,000.

This option may help offset on the utility customer's bill the future cost of implementing permanent chlorination of our water utility.

FISCAL IMPACT:

Fiscal impact will be determined by the final interest rates achieved at the date of the sale. Under the best circumstances at a zero percent variable rate, principal payments will rise under option one. Council can smooth that option with fixed payments with up-front savings.

ATTACHMENTS:

Description

☐ Analysis

Fitzgerald Public Finance
Financial Advisor or Underwriter to Local Governments
A Division of Gates Capital Corporation, New York
545 South Figueroa Street, Suite 1234
Los Angeles, California 90071
213-955-5977
Fax 213-955-5992

November 3, 2014

Darrel L. Pyle
City Manager
City of Hanford
319 N Douty Street
Hanford, CA 93230

Re: Proposal Options to Replace Union Bank's Letter of Credit on the 1996 Sewer Bonds

Dear Darrel:

Union Bank has notified the City that effective December 31, 2014 they will not renew their LOC on the City's Variable Rate Demand Sewer System Refunding Revenue Bonds, 1996 Series A Bonds. There is nothing wrong with the credit as the Bank wants to eliminate smaller LOC issues.

As successor to the original underwriter for the 1996 bonds and currently the remarketing agent, we have analyzed what action the City should take and have two options to present:

Option 1: Replace the Union Bank LOC with another bank

We (Gates Capital Corporation) specialize in LOC bank replacements and this can be done by the deadline. Currently the City is paying annual debt service principal of \$400,000 plus interest on the outstanding principal balance. This will continue through 2020 and for the following three years principal will increase to \$500,000 per year plus interest. Even if the variable interest rate drops to zero the principal amounts of \$400,000 and the \$500,000 per year will have to be paid until 2023.

Option 2: Refund the Variable Rate with a Fixed Rate Bond and Extend Maturity

The City in 2012 issued fixed rate Wastewater Revenue Refunding Bonds on a parity basis with the 1996 bonds. The 2012 bonds mature in 2032. We can refund the 1996 bond with a fixed debt service payment per year of about \$260,000 in today's market also maturing in 2032. Therefore for the next six years the annual savings would be about \$140,000 per year as compared to the variable rate principal amount of \$400,000 per year

and then for the three years ending in 2023 an annual savings of about \$240,000 as compared to the variable rate principal of \$500,000 per year. Total savings over the next nine years would be about \$1,560,000. After 2023 the annual debt service would continue at \$260,000 for the remaining nine years to 2032. For the total 18 year payout period there is a small present value loss of about \$150,000.

It is our recommendation that Option 2 presents the most benefits to the City's sewer system as the annual debt service will remain fixed with substantial savings over the next nine years and the rate payers won't be faced with possible rate increases if interest rates increase over the next 18 years.

Sincerely,

John C. Fitzgerald
Managing Director

Option # _____ accepted this _____ day _____ of
November, 2014

By _____
Title _____