



City of Arts & Innovation

Mobility & Infrastructure Committee Memorandum

TO: MOBILITY & INFRASTRUCTURE COMMITTEE DATE: DECEMBER 14, 2023

FROM: PUBLIC WORKS DEPARTMENT WARDS: ALL

**SUBJECT: RECEIVE AN UPDATE ON CONSTRUCTION CONTRACTOR EVALUATIONS
AND THE VENDOR PERFORMANCE EVALUATION POLICY**

ISSUE:

Receive an update on construction contractor evaluations and the City of Riverside's Vendor Performance Evaluation Policy.

RECOMMENDATION:

That the Mobility & Infrastructure Committee receive and file the presentation on construction contractor evaluations and the City of Riverside's Vendor Performance Evaluation Policy.

LEGISLATIVE HISTORY:

City Charter Section 1105, Centralized Purchasing, and City's Municipal Code Chapter 3.16, Centralized Purchasing, requires the City to have a Centralized Purchasing System. Section 601(d) of the City Charter, Powers and Duties of the City Manager, requires the City Manager to prepare rules and regulations governing contracting/purchases, with approval of the City Council.

City Charter Section 1109, Public Works Contracts, requires every project for the construction of street improvements and every purchase of materials for any such project, when the total expenditures exceed \$50,000, be awarded to the lowest responsible bidder by the City Council.

BACKGROUND:

On August 10, 2023, the Mobility and Infrastructure Committee requested an informational report regarding the evaluation and assessment of construction contract work.

The City's Administrative Manual was developed to provide policy guidance and procedural instructions to all City personnel for matters affecting more than one City department. When properly maintained, the manual will supplement and interpret existing City policies and laws, and provide uniform practices. Section 7 of the Administrative Manual is dedicated to "Purchasing and Contracting" matters. The City adopted a "Vendor Performance Plan" which became effective in December 2022 and is identified as Item Number 07.021.00 of the Administrative Manual (Attachment 1).

DISCUSSION:

The purpose of a Vendor Performance Plan is to give an agency the ability to document and track performance, whether positive or negative, by consultants and contractors on City awarded contracts. The City's Vendor Performance Plan is a standardized internal tool used to encourage vendors to improve their performance. Vendor debarment is a core contracting process to safeguard the City from vendors performing poorly and/or not meeting the projects' requirements.

The Vendor Performance Plan requires the Project Manager or another department representative to document the vendor's performance by completing the Vendor Performance Evaluation Form (Evaluation Form) which is part of Attachment 1. The goal of these Evaluation Forms is to reduce risk by evaluating criteria relevant to the project or service. Previous Evaluation Forms for the respective vendor may be used when considering future vendor contract awards for any procurement, including fixed construction or services valued at \$250,000 or more. Per the adopted policy, vendors scoring 50% or less on one or more Evaluation Forms are subject to debarment from City Council for a minimum of 1 year based on unsatisfactory performance evaluations when concerns over poor performance or non-compliance has been communicated to the vendor and the vendor has not taken adequate or sufficient corrective action.

The Evaluation Form contains six evaluation categories including Administration, Scope, Staff, Communications, Schedule, and Health & Safety. These categories contain a total of 23 unique "performance expectations" that may receive an evaluation score between 0 and 5, when applicable to the project or service being provided. A description of the corrective action taken shall be indicated for any performance expectation item that received a score of 2 or less. A total of 115 points is available for each vendor with the completion of the Evaluation Form so if a vendor receives a total score of 57 or less, then the vendor will be subject to debarment as previously described. The total 50% threshold would be adjusted as necessary if any performance expectations are deemed not applicable to the project or service.

The City awards construction contracts to the lowest responsive bidder per the California Public Contract Code and as defined in the City Charter. Committee members have previously inquired if awarding construction contracts based solely on contractor qualifications, in lieu of to the lowest responsive bidder, would maximize the value of the product the City receives.

California Contract Codes 20161 and 20162 mandate that public works projects be competitively bid. Both sections are intended to eliminate favoritism, fraud, and corruption when evaluating qualified firms to award a contract. Projects that are deemed "emergency work", small contracts (defined by each agency), and specialized personal services such as consultant work are exempt from the aforementioned contract codes.

Contract Codes 20161 and 20162 restrict the City from awarding construction contracts based on contractor qualifications as the process would be subjective and would likely discourage qualified contractors from bidding on City projects. Further, with the significant increase in construction costs due to the rise of inflation over the past few years, accompanied with the current budgetary shortfall to maintain the existing City infrastructure, revising the method of awarding construction contracts would also require a significant funding increase to the Public Works Department (Public Works) Capital Improvement Program. The City's Vendor Performance Plan continues to be a practical and enforceable method to evaluate contractors and their respective performance and exclude companies failing to meet project requirements.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 6 – Infrastructure, Mobility and Connectivity** and **Goal 6.2** – Maintain, protect, and improve assets and infrastructure within the City's built environment to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity.

This item aligns with EACH of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The Vendor Performance Plan aligns with the City's goals to improve and maintain the City's infrastructure managed by Public Works by encouraging our vendors to improve their performance by providing constructive feedback.
2. **Equity** – Public Works strives to improve the City's infrastructure to provide safe and reliable services to all areas of the City. The Vendor Performance Plan and its procedures ensure the most qualified contractors are providing services to all its residents and businesses.
3. **Fiscal Responsibility** – Public Works responsibly manages a variety of funding sources to complete projects and award consultant contracts to help advance the department's mission. Public Works is a prudent steward of public funds and staff will ensure that performance concerns are thoroughly documented as part of individual Vendor Performance Plans.
4. **Innovation** – Agencies see the benefit in adhering to a Vendor Performance Plan that assesses contractors on their performance.
5. **Sustainability & Resiliency** – The Vendor Perform Plan ensures the most qualified vendors are performing the vast quantity of work required from Public Works. The most qualified vendors will ensure the City infrastructure is completed in the most competent manner resulting in the greatest longevity of its use.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

Prepared by: Edward Lara, Principal Engineer
Approved by: Gilbert Hernandez, Public Works Director
Certified as to
availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by: Kris Martinez, Assistant City Manager
Approved as to form: Phaedra Norton, City Attorney

Attachments:

1. Vendor Performance Plan
2. Presentation