



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: SEPTEMBER 17, 2024

FROM: PUBLIC UTILITIES DEPARTMENT WARD(S): ALL

**SUBJECT: ADOPT A RESOLUTION AUTHORIZING THE CITY MANAGER, OR HIS
DESIGNEE, TO AWARD WORKS OF PUBLIC CONSTRUCTION TO THE
LOWEST RESPONSIVE AND RESPONSIVE BIDDER FOR CONSTRUCTION
NOT-TO-EXCEED \$950,000, FOR PROJECTS ADVERTISED FOR BID UNDER
THE WATER DIVISION PAVING PANEL**

ISSUE:

Adopt a resolution, by at least five affirmative votes, (1) waiving the formal bidding provisions of Section 1109 of the Charter of the City of Riverside under the Utilities Project Exception for the selection of a qualified panel of contractors to supplement Riverside Public Utilities' work force for projects up to \$950,000 for special project work involving water system construction paving projects and paving maintenance work on an as-needed basis; (2) authorizing the City Manager, or his designee, to award works of public construction to the lowest responsive and responsible bidder for construction not-to exceed \$950,000, for projects advertised for bid under the Water Division Paving Panel, if the expenditure has been approved by either the Board of Public Utilities or the City Council, as applicable; and (3) directing the City Manager to seek Board approval for additions to the Water Division Paving Panel.

RECOMMENDATION:

That the City Council, with at least five affirmative votes, adopt a resolution:

1. Waiving the formal bidding provisions of Section 1109 of the Charter of the City of Riverside under the Utilities Project Exception for the selection of a qualified panel of contractors to supplement Riverside Public Utilities' work force for projects up to \$950,000 for special project work involving water system construction paving projects and paving maintenance work on an as needed basis;
2. Authorizing the City Manager, or his designee, to award works of public construction to the lowest responsive and responsible bidder for construction not-to exceed \$950,000, for projects advertised for bid under the Water Division Paving Panel, if the expenditure has been approved by either the Board of Public Utilities or the City Council, as applicable; and
3. Authorizing the City Manager to add additional qualified contractors to the Water Division Paving Panel with approval from the Board of Public Utilities for such additions.

BOARD RECOMMENDATION:

On August 12, 2024, the Riverside Board of Public Utilities unanimously approved the recommendation that the City Council adopt a resolution authorizing the City Manager, or his designee, to award works of public construction to the lowest responsive and responsible bidder for construction not-to exceed \$950,000, for projects advertised for bid under the Water Division Paving Panel, if the expenditure has been approved by either the Board of Public Utilities or the City Council, as applicable.

BACKGROUND:

Riverside Public Utilities (RPU) constructs water pipeline replacement projects by hiring outside contractors and by using RPU’s water construction crews. When outside contractors are used, the contractor, as part of the scope of work, completes the trench repaving. The water construction crews on the other hand do not have the means to repave the trench area. In the past, RPU relied on the Riverside Public Works Department (PW) paving crews to perform the trench repaving for projects completed by the water construction crews. However, the PW paving crews became increasingly busy with other projects, making it difficult to schedule paving work in a timely fashion.

To hire paving contractors in a more efficient and expedient fashion, the Board of Public Utilities (Board) recommended that the City Council (Council) establish the Water Division Paving Contractor Panel (Panel) on November 19, 2010, and the Council subsequently approved the Panel on December 7, 2010.

The Panel has proven to be a very successful means for RPU to repave its pipeline replacement projects in a timely manner. Therefore, the Board has approved subsequent 3-year extensions as allowed under the terms of the Panel and as summarized in the table below:

| Amendment No. | Board Approval Date | 3-Year Term Extension Through |
|----------------------|----------------------------|--------------------------------------|
| 1 | November 1, 2013 | October 23, 2016 |
| 2 | September 26, 2016 | October 23, 2019 |
| 3 | September 23, 2019 | October 23, 2022 |
| 4 | September 26, 2022 | October 23, 2025 |

In addition, on July 11, 2017, the Council adopted a resolution authorizing the City Manager, or his designee, to award works of public construction to the lowest and responsive and responsible bidder for construction not-to-exceed \$500,000, for projects advertised for bid under the Water Division Paving Contractor Panel, if the expenditure has been approved by either the Board of Public Utilities or the City Council, as applicable; and directing the City Manager to seek Board of Public Utilities approval to add qualified contractors to the Water Division Paving Contractor Panel.

Water Division Paving Panel Administration Process

When staff determine a need to use the Panel for new construction, installation, maintenance, repair, modification, or extension of work, the Purchasing Manager sends a bid solicitation with a set of engineering plans and specifications to all Panel members. Because Panel members have already executed a Master Agreement that includes the general and legal requirements of the contract, only the technical scope of work remains to be bid on. Just as a formal bid, the contract will be awarded to the lowest responsive competitive Panel bidder, if the expenditure has been approved by either the Board of Public Utilities or the City Council, as applicable.

The Panel is used for projects when City forces do not have the ability (expertise) or the capacity (resources) to construct the project within the time frame required and when the project cost is less than \$500,000.

Projects not meeting these criteria proceed using the formal procurement process detailed in the Purchasing Resolution.

The Board will continue to approve the Work Order expenditures for such Panel projects of more than \$50,000.

The current Panel members are listed in the following table:

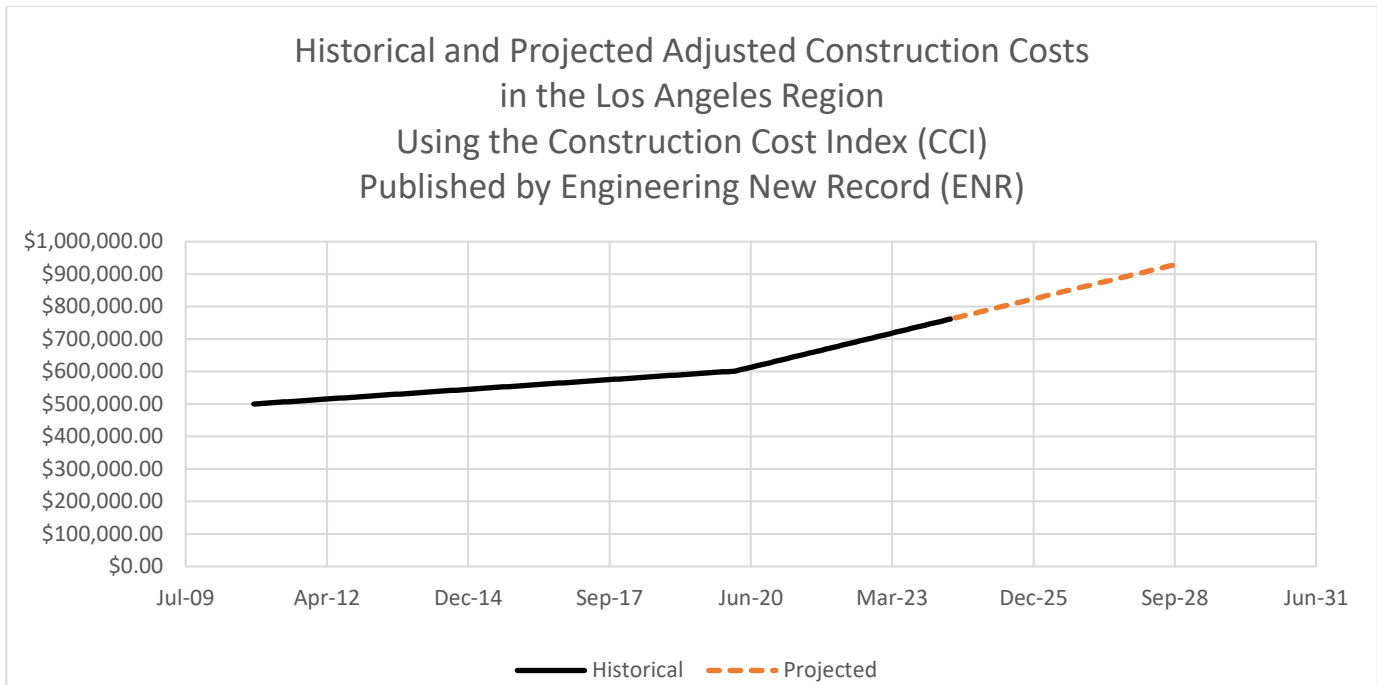
| No. | Contractor's Name | City Location |
|-----|---|---------------|
| 1 | All American Asphalt | Corona, CA |
| 2 | Hardy and Harper, Inc. | Santa Ana, CA |
| 3 | R.J. Noble Co. | Orange, CA |
| 4 | Ben's Asphalt and Maintenance Co., Inc. | Riverside, CA |

DISCUSSION:

PW has indicated that the workload of their paving crews remains busy, so it is necessary to continue to have another means for completing paving projects during times when the PW paving crews are not able to meet the project schedules. Therefore, staff recommend renewing the Panel for an additional three-year term until October 23, 2028.

Additionally, construction costs have increased significantly since the Panel was established in 2010, and the current individual Panel project cost limit of \$500,000 is no longer sufficient to cover the construction costs necessary to repave certain water pipeline replacement projects installed by water construction crews. Staff have observed steady increases in construction costs, especially over the past four years.

The Engineering News Record (ENR) publishes a monthly Construction Cost Index (CCI) that is widely used throughout the engineering and construction industries to measure changes in construction costs over time. Using the CCI data published by ENR, the following graph shows how a construction cost of \$500,000 has changed between November 2010 and May 2024. The graph also projects the future construction costs from May 2024 through October 2028.



Based on the graph and observed construction price increases, staff recommend increasing the individual Panel project cost limit of \$500,000 to \$950,000 to keep up with rising construction costs.

Purchasing Resolution 24101 Section 1104 (b) & (d) Change Orders states, “Unless otherwise specifically authorized by the Awarding Entity, Change Orders which cumulatively exceed the following will require Awarding Entity approval... (b) Any Change Order which causes the contract price to exceed the authorization in section 203 hereof, if the Contract and/or Purchase Order was not previously approved by the Awarding Entity” and “(d) A Contract Amendment which extends the term of the agreement beyond one year of the original expiration date.”

The Purchasing Manager concurs that the recommended actions are in alignment with Purchasing Resolution No. 24101.

STRATEGIC PLAN ALIGNMENT:

This item contributes to Strategic Priority No. 6 Infrastructure, Mobility and Connectivity and Goal No. 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** – A public facing project website was utilized to solicit interested vendors for the establishment of the Panel.
2. **Equity** – RPU endeavors to provide safe and reliable water service to all its customers. Since RPU’s water system is an interconnected network, investments made to individual parts of the system improve the reliability of the overall system, thereby providing an equitable benefit to all customers.

3. **Fiscal Responsibility** – The lowest price for the construction services and thereby the best value for RPU’s customers is ensured through a competitive bidding process.
4. **Innovation** – A collaborative and innovative approach is used to replace the water facilities in such a way to minimize potential disruptions to the community.
5. **Sustainability & Resiliency** – The construction materials specified for this project are considered best practices in the industry and are expected to last well into the future.

FISCAL IMPACT:

Costs will be incurred on an as needed basis by project. A formal bid will be issued to panel members when services are needed. Panel project expenditures that exceed \$50,000 will be approved by the Board along with their respective Work Order authorizations.

Prepared by: David A. Garcia, Utilities Interim General Manager
Certified as to
availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by: Rafael Guzman, Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

- Attachments:
1. Board of Public Utilities Meeting Minutes: August 12, 2024
 2. Resolution
 3. Presentation