



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: JULY 11, 2022

SUBJECT: APPROVE CHANGE ORDERS FOR EXISTING WATER OPERATIONS AND WATER FIELD ANNUAL PURCHASE ORDERS, FOR INCREASED COSTS NEEDED FOR THE REMAINDER OF FISCAL YEAR 2021/22 TOTALING \$181,040

ISSUE:

Consider approval of change orders in excess of 10% for existing Water Operations and Water Field annual purchase orders, for increased costs needed for the remainder of Fiscal Year 2021/22 totaling \$181,040.

RECOMMENDATIONS:

That the Board of Public Utilities:

1. Approve the 40% change order increase, in the amount of \$46,040, to the existing annual Purchase Order 220941 for Agua Mansa Properties to accept disposal of concrete, asphalt and miscellaneous items from RPU Water Field Division, for a total purchase order amount of \$160,000;
2. Approve the 47% change order increase, in the amount of \$35,000, to the existing annual Purchase Order 220695 for Vulcan Materials Company for purchase of cold mix for the Water Field Division, for a total purchase order amount of \$110,000;
3. Approve the expenditure for a Third Amendment to the Professional Services Agreement with Babcock & Son's Inc., including an 11% change order increase in the amount of \$100,000, to the existing annual Purchase Order No. 222032 to provide laboratory testing and analytical services, for a total four-year contract amount of \$2,636,364; and
4. Recommend that the City Council approve the Third Amendment to the Professional Services Agreement with Babcock & Son's Inc., including an 11% change order increase in the amount of \$100,000, to the existing annual Purchase Order No. 222032 to provide laboratory testing and analytical services, for a total four-year contract amount of \$2,636,364.

BACKGROUND:

On June 28, 2021, the Board of Public Utilities approved the Fiscal Year (FY) 2021/22 annual Purchase Orders. The Purchase Orders (PO) within this report have exceeded the previously

approved amount, due to increased costs this fiscal year for these critical utility support services. Change order authority exceeding 10% of the original PO amount is now required for annual Purchase Orders described in the next section.

DISCUSSION:

Increases to the following annual POs are requested for approval by the Board of Public Utilities:

1. Babcock & Son's Inc. - RPU Water Operations Division is required by the United States Environmental Protection Agency and the California State Water Resources Control Board to comply with drinking water regulations. The Water Division collects over 29,000 water samples for laboratory testing from its drinking water sources, treatment plants, distribution system, and non-potable sources. The testing results from these samples are required to be reported to regulatory agencies and analyzed by a state certified laboratory. During the contract term, a new regulation to test PFAS was implemented and was to be enforced by June 30, 2019. Subsequently, a 10% contingency change order in an amount of \$150,000 was processed to address the additional expenses. The additional testing caused increased costs and left the annual PO for FY 2021/22 without sufficient funds to cover the remaining fiscal year expenses. An additional amount of \$100,000 is requested to cover the additional testing costs, increasing the total four-year contract amount to \$2,636,364.
2. Agua Mansa Properties - RPU Water Field Division disposes of concrete, asphalt and miscellaneous items to the only disposal site within city limits. The materials discarded are the result of maintenance and capital improvement projects as part of our daily operations. During the current fiscal year Agua Mansa rates increased by 14%; furthermore, we had an increase in Capital Improvement Project (CIP) which increased the amount of materials requiring disposal. Additional funding in the amount of \$46,040 is requested to increase the total purchase order amount to \$160,000.
3. Vulcan Materials - RPU Water Field Division purchases asphalt materials, such as cold mix from Vulcan Materials. The cold mix is utilized when performing maintenance and capital improvement projects as part of daily operations. An increase in CIP ultimately increased the amount of materials needed to continue maintenance and CIP work. Additional funding in the amount of \$35,000 is requested to increase the total purchase order amount to \$110,000.

The Purchasing Manager concurs that the recommended actions are in compliance with Purchasing Resolution No. 23812 section 1104.

Based on direction from the City Council on May 17, 2022 regarding professional services agreements, this Board report is presented as an approval of the expenditure and recommendation to the City Council for approval of the execution of the professional services agreement amendment. The professional services agreement amendment will be presented to the City Council for final approval.

STRATEGIC PLAN ALIGNMENT:

This item aligns with **Strategic Priority No. 4 Environmental Stewardship** and **Goal 4.2 - Sustainably manage local water resources to maximize reliability and advance water reuse to ensure safe, reliable and affordable water to our community.**

The actions align with the five Cross-Cutting Threads as described below:

1. **Community Trust** – Riverside is transparent and produces a summary of the Water Quality Results, obtained from the laboratory services contract in the annual Water Quality Report.
2. **Equity** – Maintaining water quality that meets State and Federal drinking water standards benefits Riverside residents, businesses, and visitors.
3. **Fiscal Responsibility** – Riverside seeks to maintain compliance with all State and Federal Regulations and monitoring requirements thus avoiding any monetary violations.
4. **Innovation** – Riverside works collaboratively with their contract laboratory to come up with innovative solutions to data management, and deliverables.
5. **Sustainability & Resiliency** – Communities are reliant on their water resources to thrive, providing high quality water will ensure Riverside's sustainability and resiliency.

FISCAL IMPACT:

Total fiscal impact is \$181,040. Sufficient funds are available in the FY 2021/22 Public Utilities Water Operations Account No. 6200000-421000 in the amount of \$100,000 for Babcock & Sons Inc., Water CIP Account No. 6230000-470707 in the amount of \$46,040 for Agua Mansa Properties, and Water CIP Account No. 6230000-470707 in the amount of \$35,000 for Vulcan Materials.

Prepared by:	Robin Glenney, Interim Water Systems Operations Manager
Approved by:	Todd M. Corbin, Utilities General Manager
Approved by:	Kris Martinez, Assistant City Manager
Approved as to form:	Phaedra A. Norton, City Attorney

Certifies availability of funds:	Edward Enriquez, Interim Assistant City Manager, Chief Financial Officer/City Treasurer
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Attachments:

1. Third Amendment to Agreement with Babcock & Sons Inc.
2. Second Amendment to Agreement with Babcock & Sons Inc.
3. First Amendment to Agreement with Babcock & Sons Inc.
4. Agreement with Babcock & Sons Inc.
5. Presentation