

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: JULY 25, 2016

ITEM NO: 8

SUBJECT: REJECTION OF BIDS FOR THE JACKSON STREET RECYCLED WATER PIPELINE PROJECT (PHASE 1), BID NO. RPU-7377

ISSUE:

The issue for Board of Public Utilities consideration is rejection of all bids for the Jackson Street Recycled Water Pipeline Project (Phase 1), Bid No. RPU-7377.

RECOMMENDATION:

That the Board of Public Utilities reject all bids for the Jackson Street Recycled Water Pipeline Project (Phase 1), Bid No. RPU-7377.

BACKGROUND:

On January 22, 2016, the Board of Public Utilities (Board) approved the Jackson Street Recycled Water Pipeline Project and the Arlington Avenue Recycled Water Pipeline Project as necessary for exemption from the State of California Environmental Quality Act (CEQA) guidelines pursuant to Public Resources Code Section 21080.08 under the Governor's State of Emergency drought declaration for projects consisting of construction or expansion of recycled water pipelines and directly related infrastructure within existing rights-of-way during the state of emergency due to drought conditions. The Board also authorized a capital expenditure of \$500,000 to cover upfront design and utility potholing costs for the Jackson Street Recycled Water Pipeline Project (Phase I).

The Jackson Street Recycled Water Pipeline Project (Phase I) will extend the existing 24-inch recycled water pipeline which currently terminates at the intersection of Van Buren Boulevard and Jackson Street. The new pipeline will expand Riverside Public Utilities' (RPU) recycled water system by providing recycled water service to customers along its proposed alignment on Jackson Street, Magnolia Avenue and Monroe Street, and it will serve as a backbone for potential expansion of RPU's recycled water system in the future.

The Jackson Street Recycled Water Pipeline Project (Phase I) was advertised for construction bids on April 22, 2016, and bids were opened on May 25, 2016. Twelve bids were received.

In May 2016, RPU partnered with Western Municipal Water District (WMWD) in utilizing their consultant for assistance identifying potential funding opportunities and submitting an application to the State Water Resources Control Board Water Recycling Funding Program (WRFP). The WRFP provides financial assistance for the planning/design and construction of recycled water infrastructure projects. Reduced rate loan financing is also available.

Through RPU's partnership with WMWD, it has become evident that the Jackson Street Recycled Water Pipeline Project is a strong candidate for reduced rate loan financing through the WRFP, and RPU would like to take advantage of the potential opportunity. However, in order to be eligible to receive financing from the Clean Water State Revolving Fund, special verbiage is required in the bid documents beyond what is required in RPU's standard bid specification. The special verbiage generally requires that the bidders comply with the Davis-Bacon Act, American Iron and Steel requirements and Disadvantaged Business Enterprise guidelines. The verbiage in the bid documents for the Jackson Street Recycled Water Pipeline Project (Phase I) needs to be enhanced in order to meet the eligibility requirements.

Additionally, on June 4, 2015, the Board recommended that the City Council authorize the City Manager, or his designee, to sign the Funding Contract for a \$1,000,000 Proposition 84 Integrated Regional Water Management Round 2 Implementation Grant from the Santa Ana Watershed Project Authority (SAWPA) for construction of the Jackson Street Recycled Water Pipeline Project. City Council subsequently authorized the City Manager, or his designee, to sign the Funding Contract on June 16, 2015. However, SAWPA has recently notified RPU that an amendment to the funding agreement is needed with each of RPU and the State Water Resources Control Board to appropriately reflect the phased sequencing of the project and that construction should not proceed until the agreement is amended. Staff is in the process of coordinating the amendment with SAWPA.

Due to the reasons outlined above, the current bids need to be rejected. Section 705 of the City of Riverside's Purchasing Resolution No. 22576 stipulates that the "The Awarding Entity may in its discretion reject any and all Bids, or any segregable portions thereof, for any one or more types of Goods, Services or Construction included in the Specifications when the public interest is served thereby". The contract documents also stipulate that "The City reserves the right to reject all proposals and shall not be liable for any expenses or costs incurred by bidders in preparing their proposals."

Staff intends to re-advertise the Jackson Street Recycled Water Pipeline Project (Phase I) with the necessary enhancements incorporated into the bid documents, and will seek a construction contract award from the Board once the amendments to the funding agreements have been executed. It is anticipated that the project be re-advertised for construction in autumn 2016 and be brought before the Board with a recommendation to award shortly thereafter.

The Purchasing Services Manager concurs that the recommended action complies with the City's Purchasing Resolution No. 22576.

FISCAL IMPACT:

There is no fiscal impact associated with the recommendation of this report.

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Approved by:	Girish Balachandran, Public Utilities General Manager
Approved by:	John A. Russo, City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Attachment: Presentation

