

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: FEBRUARY 13, 2017

ITEM NO: 9

SUBJECT: RESOLUTION AUTHORIZING CITY MANAGER TO ISSUE PURCHASE ORDERS UNDER THE CONTRACTOR PANELS

ISSUES:

Recommend that the City Council adopt a resolution authorizing the City Manager, or his designee, to issue purchase orders for the award of each individual project to a firm on the contractor panels, 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 update the City's Resolution No. 22576 (Purchasing Resolution) to reference the procedures for the award of a project under these panels.

RECOMMENDATIONS:

That the Board of Public Utilities recommend that the City Council adopt a resolution:

1. Authorizing the City Manager, or his designee, to issue purchase orders for the award of each individual project to the lowest responsible and responsive bidder, if the expenditure has been approved by either the Board of Public Utilities or the City Council, as applicable;
2. Directing the City Manager to update the City's Resolution No. 22576 (Purchasing Resolution) to reference the procedures for the award of a project under these panels; and
3. Directing the City Manager to seek Board approval to add qualified contractors to any panel.

BACKGROUND:

Riverside Public Utilities (RPU) hires contractors to assist with various types of work including capital infrastructure renewal projects, facility maintenance and system improvements. These contractors are generally hired using the formal bidding process outlined in the City of Riverside's (Riverside) Purchasing Resolution. However, the urgent nature of certain projects requires that a contractor be hired in a more expeditious fashion than can be achieved using the formal bidding process.

The Board of Public Utilities (Board) has recommended over the years that the City Council (Council) establish various Contractor Panels as a means to hire contractors in a more efficient fashion, for the Energy Delivery and Water Divisions of RPU. These panels consist of contractors that have been prequalified as part of a screening process and include the Energy Delivery Panel, the Water Division Panel and the Water Division Paving Panel (Panels). Work is competitively bid among the Panel members. These Panels have proven very successful as a means for RPU to complete certain projects in a timely fashion and are described further below.

Energy Delivery Panel

In 1999, the Board of Public Utilities and the City Council authorized the establishment of a Contractor Panel to streamline the bidding process for underground structure work for the Energy Delivery Division to help keep up with the increasing demand for electric system conduit and

structure additions driven by lack of resources and increased development. The Energy Delivery Panel was expanded to cover several categories of electrical work and increase project limits in 2001 to expand capability to respond to developer time lines and increased development. The Energy Delivery Panel was extended in 2004 and again in 2010 with an Amended and Restated Master Agreement adding Additional Work Categories in 2010. The Energy Delivery Panel remains currently active with monthly status reports to the Board showing authorized Contractors and status of awarded projects.

Water Division Panel

The Board recommended that the Council establish a Water Division Panel on September 21, 2007 to help keep up with the increasing demand for water system improvements, pipeline replacements and relocations for Public Works and Caltrans projects. The Council approved the Panel on October 23, 2007. The Board then approved a three-year extension of the Panel on October 19, 2012 and a subsequent three-year extension on October 19, 2015. The Water Division Panel remains active with monthly status reports to the Board showing authorized Contractors and status of awarded projects.

Water Division Paving Panel

The Board recommended that the Council establish a Water Division Paving Panel on November 19, 2010 to reduce the time frame between completion of pipeline projects and completion of final paving repairs and restoration. The Council approved the Panel on December 7, 2010. The Board then approved a three-year extension of the Panel on November 1, 2013 and a subsequent three-year extension on September 26, 2016. The Water Division Paving Panel remains active with monthly status reports to the Board showing authorized Contractors and status of awarded projects.

Highlights of the Contractor Panel Administration Process

Master Agreements have been approved as to form by the City Attorney and have been executed by the respective Contractors. The term of the Master Agreements is typically three to five years with multiple term extensions. For the life of the Agreements, a specific project cap of \$500,000 has been set for all Master Agreements.

All interested contractors are invited to submit proposals for review by Public Utilities staff to determine adequacy of experience and other qualifications to perform work under various categories of the Panels. Contractors with appropriate experience and qualifications are qualified for specific work categories of the Panels. Contractors may be added to the Panel at any time, upon approval from the Board, if they complete the Department's qualifying process and complete the contract requirements.

A Master Agreement will be executed with qualifying contractors that will define the general terms and conditions and special provisions required to do work for the Riverside Public Utilities. All insurance and performance bonding will be established as with any formal contract. Only the scope and specifications of Specific Project Work will be omitted from the Master Agreement.

City crews will continue to do all the work that they are capable of doing. However, when Panel work is needed, Specific Project plans, specifications, and bid proposal documents will be sent to all qualifying Panel members. Just as in a formal bid, the Panel bid will be awarded to the lowest responsible and responsive bidder.

During electric emergency outages, conditions causing an imminent threat of outages, or immediate threats to public safety, which City electric crews are not able to handle alone, electric contractors from the Energy Delivery Panel will be called to report for work on a time and materials basis. Hourly billing rates will be those approved in the Master Agreement. Panel contractors with the lowest rates will generally be called first. However, the ability to respond rapidly to an emergency need may justify selection of another contractor on the Panel that can respond the soonest.

DISCUSSION

City Charter section 1109 provides that “Projects for the construction and/or improvement of any public utility operated by the City or for the purchase of supplies or equipment for any such utility may be excepted from the requirements of this section, provided the City Council so determines by at least five affirmative votes.” Here, the City Council has previously waived, by resolution, Section 1109’s requirements for formal competitive bidding for utility construction projects of under \$500,000 that are awarded under the Contractor Panels.

During a recent review of contracting procedures, the City Manager’s Office and the Finance Department identified a need to clarify the Contractor Panel operating procedures for the award of individual construction projects. The following is a summary of such procedures.

The Board approves the expenditure for each individual construction project by separate Board action, through the approval of a work order. The approval includes the entire expenditure for the project, including design, construction, contract administration, inspection and construction contingency costs.

The Board and City Council have previously authorized the issuance of purchase orders for the award of the individual construction projects under the master agreement. All master agreements, which are approved by both Board and City Council, provide:

“As Work becomes available, a general Scope of Work and job site description, related drawings and sketches, detail drawings, time frame job needs to begin and complete, and a deadline for bid submittals will be sent to each Panelist (cumulatively the “Request for Bids for Specific Project Work”). Time will be allowed for site visitation. Once bids have been received and evaluated, the lowest responsive and responsible bidder (“Successful Bidder”) will be notified of the bid award and a Purchase Order will be issued for the Work by the City Purchasing division.”

To clarify this delegation, the proposed resolution confirming the panels will specifically delegate authority to the City Manager to issue the purchase orders, if the expenditure has been approved by the RPU Board or the City Council:

“The City Manager, or his designee, is authorized to issue purchase orders to a panel member for the award of each individual project to the lowest responsive and responsible bidder, if the expenditure has been approved by either the Board of Public Utilities or the City Council, as applicable.”

Review by the City Attorney’s Office advised that the Board should recommend that the Council take the steps documented above to clarify the Panel operating procedures by adopting the attached resolution.

FISCAL IMPACT:

There is no fiscal impact related to this report.

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Certifies availability
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Attachment: Resolution