



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JULY 11, 2017**

FROM: PUBLIC UTILITIES DEPARTMENT **WARDS: ALL**

SUBJECT: RESOLUTION AUTHORIZING THE CITY MANAGER TO AWARD WORKS OF PUBLIC CONSTRUCTION AND SEEK PUBLIC UTILITIES BOARD APPROVAL TO ADD CONTRACTORS FOR THE PUBLIC UTILITIES DEPARTMENT WATER DIVISION PAVING PANEL

ISSUES:

Adopt 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 project 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 directing the City Manager to seek Board of Public Utilities approval to add qualified contractors to the Water Division Paving Panel.

RECOMMENDATIONS:

That the City Council adopt a resolution:

1. 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 project 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
2. Directing the City Manager to seek Board approval to add qualified contractors to the Water Division Paving Panel.

BOARD RECOMMENDATION:

On February 13, 2017, the Board of Public Utilities with eight of eight members present, unanimously approved to recommend that the City Council authorize the City Manager, or his designee, to issue purchase orders 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; direct 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 direct the City Manager to seek Board approval to add qualified contractors to any panel.

This recommendation was for a resolution authorizing the City Manager to issue purchase orders under all three of the Contractor Panels used by the Riverside Public Utilities Department (RPU), the 1) Energy Delivery Panel, 2) Water Division Panel, and 3) Water Division Paving Panel. Each of the three Contractor Panels are independent of one another, and they each serve a distinct purpose. This item was strictly a matter of housekeeping to clarify certain procedural elements for administering the existing Contractor Panels and does not change or otherwise modify the existing Contractor Panels.

Subsequent to such Board approval, staff revised the proposed resolution to seek approval only for the Water Division Paving Panel (Paving Panel). RPU relies on the Paving Panel to keep up with ongoing paving needs, and the Paving Panel is necessary to maintain a high level of customer service for the residents of Riverside. In order to maintain Riverside's commitment to customer service, staff is seeking approval of only the Paving Panel at this time. Staff is reviewing its need for the Energy Delivery Panel and the Water Division Panel and may seek approval from the City Council for these panels at a future date. Also, after further consultation with the Finance Department, staff removed the recommendation that the City Manager be directed to update the Purchasing Resolution (which is currently under revision) to reference the contractor panels. Instead, the process will be memorialized with an administrative manual policy.

BACKGROUND:

RPU's Water Division City Forces construct new water pipelines. However, they do not perform final paving of the pipeline trenches. The time period for hiring a contractor using the formal bidding process outlined in the City's Purchasing Resolution No. 22576 does not lend itself to paving the water pipeline trenches in short succession of the pipeline installation. The Paving Panel provides a means to hire contractors more quickly, appearing to the customer as a seamless pipeline construction project and providing a high level of customer service.

The Board of Public Utilities (Board) has recommended that the City Council reaffirm the Paving Panel as a means to hire paving contractors in a more efficient fashion for RPU. The Paving Panel consists of contractors that have been prequalified as part of a screening process. The Paving Panel members submit competitive bids for work under the Paving Panel. The Paving Panel has proven very successful as a means for RPU to complete paving projects in a timely fashion.

Water Division Paving Panel

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

Highlights of the Water Division Paving Panel Administration Process

Master Agreements have been approved as to form by the City Attorney and have been executed by the respective Paving Panel 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 individual projects awarded under the Master Agreements.

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

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

When Paving Panel work is needed, staff will send specific project plans, specifications, and bid proposal documents to all qualifying Paving Panel members. Just as in a formal bid, the Paving Panel bid will be awarded to the lowest responsible and responsive bidder.

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 City Council so determines by at least five affirmative votes." Here, 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 Paving Panel.

During a recent review of contracting procedures, the City Manager's Office and the Finance Department identified a need to clarify the Paving Panel operating procedures for the award of individual construction projects. The following is a summary clarifying 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 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 Paving Panel will specifically delegate authority to the City Manager, or his designee, to issue the purchase orders, if the expenditure has been approved by the Board or the Council:

"The City Manager, or his designee, is authorized to issue purchase orders for the award of works of public construction to the lowest responsive and responsible bidder for

construction not to exceed \$500,000 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.”

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

The Purchasing Services Manager concurs that the recommended actions comply with the City of Riverside’s Purchasing Resolution No. 22576.

FISCAL IMPACT:

There is no fiscal impact associated to this report.

Prepared by: Girish Balachandran, Utilities General Manager
Certified as to
availability of funds: Scott G. Miller, PhD, Chief Financial Officer/City Treasurer
Approved by: John A. Russo, City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Board of Public Utilities Minutes February 13, 2017
2. Resolution
3. Presentation