



# City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL      DATE: SEPTEMBER 17, 2019

FROM: FINANCE DEPARTMENT      WARD: 6

SUBJECT: SECOND AMENDMENT TO MASTER AGREEMENT FOR EMERGENCY AND NON-EMERGENCY GENERAL CONTRACTOR PANEL WITH STILWELL CONSTRUCTION, INC TO INCREASE COMPENSATION IN THE AMOUNT OF \$629,609.76 FOR REPAIRS COMPLETED FOR MAGNOLIA WATER MAIN BREAK FOR A TOTAL CONTRACT AMOUNT OF \$1,629,609.76

**ISSUE:**

Approve the Second Amendment to Master Agreement for Emergency and Non-Emergency General Contractor Panel with Stilwell Construction, Inc. to increase the compensation in the amount of \$629,609.76 for repairs completed in response to the Magnolia water main break that occurred on March 4, 2019, for a total contract amount of \$1,629,609.76.

**RECOMMENDATIONS:**

That the City Council:

1. Approve the Second Amendment to Master Agreement for Emergency and Non-Emergency General Contractor Panel with Stilwell Construction, Inc. to increase the compensation in the amount of \$629,609.76 for repairs completed in response to the Magnolia water main break that occurred on March 4, 2019, for a total contract amount of \$1,629,609.76; and
2. Authorize the City Manager, or designee, to execute the Second Amendment to Master Agreement for Emergency and Non-Emergency General Contractor Panel with Stilwell Construction, Inc. including the ability to make minor non-substantive changes.

**BACKGROUND:**

On October 20, 2015, the City Council approved a Master Agreement for Emergency and Non-Emergency General Contractor Panel with Stilwell Construction Inc. for a term ending June 30, 2017 in an amount not to exceed \$1 million per fiscal year and options to extend the agreement.

On June 13, 2017, the City Council approved the First Amendment to the Master Agreement for Emergency and Non-Emergency General Contractor Panel extending the agreement for a term ending June 30, 2019 in an amount of \$1 million per fiscal year and authorized the City Manager, or designee, to have change order authority of up to 20 percent if the allocation limit is reached

before the end of each fiscal year.

On Monday, March 4, 2019, Riverside's Public Utilities Water Division was onsite replacing a segment of transmission pipeline when they noticed unusual "sweating" coming from the pipeline. City staff and crewmembers quickly evacuated the hole and the techite pipeline ruptured soon after. As a result, water inundated the hole and flooded Magnolia Avenue flooding multiple businesses.

Fortunately, nearby crews quickly shut off the large valves that were releasing the water but thousands of gallons of water had already flooded the street. Staff estimates that the road was covered by about three (3) feet of water in the vicinity of the hole. City staff and designated work crews began extensive repair and recovery efforts, including dispatching Stilwell Construction Inc. to assist with such repairs, once the ruptured segment of techite pipeline was fully isolated.

Consequently, businesses on Magnolia Avenue experienced extensive property damage and loss of income.

### **DISCUSSION:**

Risk Management dispatched Stilwell Construction Inc. to assist with the remedial and repair work for the adjacent businesses and residencies as a long-term strategy to control anticipated claims costs. Stilwell Construction Inc. has been a longstanding contractor for the City and has completed work of a similar nature for many of the City's departments. Staff is familiar with Stilwell Construction Inc.'s pricing model and believes it is the most cost effective solution for the City versus having each business and resident employ separate contractors.

Additionally, Stilwell Construction Inc. has recently been selected to participate in the City's Emergency Contractor Panel (RFP 1913). Stilwell Construction Inc.'s RFP response was rated highly by the evaluators given the competitive pricing, work references, and resident appreciation letters received by Stilwell upon completion of a job.

City staff was able to help businesses resume operations, lowering the timeframe for potential business income claims by immediately dispatching Stilwell Construction Inc. to the scene. Business Income claims are claims made on behalf of business owners who have either suffered loss of income or incur extra expenses as a result of substantial damages to their premises, slowing down or even obliging them to suspend their operations.

### *Project Expenditures*

Nine (9) businesses, two (2) duplexes, and one (1) mobile home were affected by the Magnolia Main Break. The residents residing in both duplexes and the mobile home were placed in temporary housing through the duration of the repairs. Work completed by the contractor included, but was not limited to, hazardous materials testing and materials abatement, cleaning and remediation, packing and removal of personal belongings, drywall repairs or replacements, finish carpentry, electrical repairs, flooring and tile replacement, cabinet and countertop repair or replacement, HVAC/thermostat repairs or replacement, painting, and garage door repairs or replacement. The total cost of the work is described in the table below:

Stilwell Invoice No.	Business Name	Amount Due
7653	Angel's Nail	\$56,562.86
7648	The Hair Bar	\$48,621.55
7650	Canvas Barber	\$89,176.40
7654	Vacant	\$36,979.50
7646	City Best Ins.	\$9,956.95
7647	Vape Castle	\$61,648.47
7649	E-Joy Foot and Body Massage	\$57,937.89
7651	Baltazar	\$141,540.32
7652	Sanchez	\$124,387.15
7664	Mobile Home Unit E1	\$2,798.67
<b>Total:</b>		<b>\$629,609.76</b>

The Second Amendment to Master Agreement for Emergency and Non-Emergency General Contractor Panel with Stilwell Construction, Inc. will increase the contract amount by \$629,609.76 in order to cover the cost of the work completed by Stilwell in response to the Magnolia water main break that occurred on March 4, 2019.

**FISCAL IMPACT:**

The fiscal impact of the recommendations in this report is \$629,609.76. Sufficient funds are available in Fund 630-Liability Insurance Trust in the Risk Management Division Account number 2320200-428630.

Prepared by: Marie Ricci, Assistant Chief Financial Officer  
 Certified as to availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer  
 Approved by: Carlie Myers, Deputy City Manager  
 Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Second Amendment to Master Agreement for Emergency and Non-Emergency General Contractor Panel with Stilwell Construction, Inc.
2. Map