



Council Agenda Report

From: Christopher Alakel, Utilities Director

Subject: Authorization for the City Manager to enter into up to Five On-Call Water System Repair Contracts of \$60,000 or less, following an informal bidding process, for an Amount Not-Too-Exceed \$300,000 Total

CEQA Determination: The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378. If this action is a project under CEQA the action is exempt pursuant to §15302, Replacement or Reconstruction.

Date: February 20, 2024

Facts

1. The City's Water Division is responsible for operating, maintaining, and repairing water production, treatment, and distribution infrastructure including approximately 172 miles of water mains and related facilities.
2. The Water Division responds to leaks and conducts routine and emergency repair work on buried water mains, services, and fire hydrants. This work often requires the use of heavy construction equipment for excavation, materials transport, and installation.
3. The Water Division has had difficulty attracting staff members proficient in operating heavy equipment and with sufficient experience conducting utility repairs. Shortages of experienced staff capable of repairing large leaks, main breaks, valve and hydrant replacements and similar heavy utility repair work has resulted in a significant backlog.
4. There is an immediate need for repair and replacement of water system infrastructure. Delays in conducting repairs and maintenance can affect firefighting capability, increase the duration of water service interruptions and, in the case of a large break or leak, can increase overall repair costs and property damage.
5. The Public Contracting Code, Section 22032, allows public water and wastewater utility repair projects up to \$60,000 to be performed by employees of a public agency by force account, by negotiated contract, or by purchase order without requiring informal or formal bidding. The City elected to become subject to the Public Contracting Code as of June 4, 2002, and adopted enabling regulations under the Municipal Code.
6. The City's Purchasing Policy allows the City Manager in most instances to approve purchases of up to \$100,000 and the City's purchasing authority can approve purchase orders up to \$100,000 without special authorization by the City Council. More specifically, City's Purchasing Policy also allows public works projects up to \$60,000 to be conducted without bidding, consistent with the Public Contracting Code.

Options

1. Take no action;

2. Authorize the City Manager to enter into up to five On-Call Water System Repair Contracts of \$60,000 or less, following an informal bidding process, for an Amount Not-Too-Exceed \$300,000 ; or
3. Provide alternative direction to staff.

Analysis and Conclusions

The City is responsible for providing safe and reliable drinking water and it is essential that the Water Division be able maintain water system infrastructure and quickly respond to issues affecting the water system. Deferred maintenance and repairs can affect drinking water quality, duration of water service interruptions and increase overall repair costs and property damage.

Staffing limitations continue to impact the Water Division's ability to both repair and maintain the water system infrastructure. These difficulties are likely to continue until the overall labor market improves. In response, in the short-term, establishing multiple on-call contracts will allow for competitive bidding of individual tasks as well as increasing the likelihood that at least one of the contractors will be available to assist the City when emergency repairs are needed. Otherwise, long-term deferral of maintenance activities will result in more frequent system issues affecting reliability of water service.

Staff, in collaboration with the City Attorney's Office, have drafted a contract structured to allow task-order based work to be authorized on an as-needed basis, the template for which is included as part of this item. Because the City elected to become subject to the Uniform Public Construction Cost Accounting Act, public works contracts equal to or less than \$60,000 do not require a formal or informal bidding process. As such, separate repair and maintenance work will be conducted under each individual contract; however, depending on contractor availability, multiple contracts may be awarded to the same contractor. Because of the potential that the same contractor may receive multiple contracts, and to ensure the City is receiving the best value for the work, staff will conduct an informal bidding process prior to awarding each contract.

Staff recommends that the City Council authorize the City Manager to enter into individual contracts (up to five) with multiple on-call underground utilities contractors for on-call water system repair and maintenance, in the amount of \$60,000 or less per contract, and to issue new individual contracts with the contractors following an informal bidding process, as needed once contracts are expended, consistent with City's Purchasing Policy and the Public Contracting Code.

Fiscal Impact

The total for all individual on-call contracts would not exceed \$300,000 (at \$60,000 or less per contract). However, work performed under each contract will be authorized according to individual task orders issued by the City Water Division on an as-needed basis and will be paid from the Water Fund. The contracts will not be utilized if there is no need.

CEQA

The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378, because it can be seen with certainty that the authorization to enter into individual contracts for potential on-call services for water repair work with a total not-too-exceed \$300,000 will not result in a direct or reasonably foreseeable indirect physical change in the environment. If this action is considered a project under CEQA the action would be exempt pursuant to State CEQA Guidelines §15302, Replacement and Reconstruction. The exemption applies to the replacement or reconstruction of existing structures including existing utility systems or facilities involving negligible or no expansion of capacity. As these contracts will be for as

needed repair and maintenance work and not the expansion of services the work is exempt from CEQA review.

Recommendation (Option 2)

Approve Resolution 24-XXX, authorizing the City Manager to enter into up to five total, individual contracts for on-call services for water system repair work with a total not to exceed amount of \$300,000, with each on-call contract not exceeding \$60,000, and find the action exempt from CEQA.

Attachments

1. Resolution 24-XXX – Authorization of On-Call Water System Repairs Contracts
2. On-call Water System Repair Contract Template