

Agenda Report

August 28, 2017

TO: Honorable Mayor and City Council

FROM: Water and Power Department

SUBJECT: AUTHORIZATION TO ENTER INTO CONTRACTS WITH R&M SERVICE SOLUTIONS, INC. AND SPINIELLO COMPANIES TO FURNISH LABOR AND MATERIALS FOR UTILITIES MAINTENANCE SERVICES FOR AN AMOUNT NOT TO EXCEED \$315,600 PER YEAR AND \$968,500 PER YEAR, RESPECTIVELY

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to the California Environmental Quality Act ("CEQA") pursuant to Section 21065 of CEQA and Sections 15060 (c)(2), 15060 (c)(3), and 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required for the project; and
2. Accept the bid dated July 11, 2017, submitted by R&M Service Solutions, Inc. in response to Specification WD-17-01, to furnish labor and materials for utilities maintenance services for the Water and Power Department ("PWP"), and authorize the City Manager to enter into a contract with R&M Service Solutions, Inc. for an amount not to exceed \$315,600 per year for an initial period of one year with an option for three additional one-year terms of \$315,600 each at the approval of the City Manager; and
3. Accept the bid dated July 11, 2017, submitted by Spiniello Companies in response to Specification WD-17-01, to furnish labor and materials for utilities maintenance services for PWP, and authorize the City Manager to enter into a contract with Spiniello Companies for an amount not to exceed \$968,500 per year for an initial period of one year with an option for three additional one-year terms of \$968,500 each at the approval of the City Manager.

BACKGROUND:

Pasadena Water and Power ("PWP") regularly completes water distribution projects as identified in the adopted Capital Improvement Program ("CIP"), Water System Master Plan, Water Integrated Resources Plan, and other water operations-related work. Specification WD-17-01 calls for a contract to provide utilities maintenance services to PWP.

The services requested include exercising gate valves, maintenance and replacement of water meters, and line stopping. Gate valves isolate a water main in the event of main breaks and regularly scheduled maintenance. Line stops allow for water service to continue to be provided to customers, even when work is being done on a main. These services will assist PWP in meeting its goals for maintaining the water system per the 2002 Water System Master Plan. Any work to be performed by the contractors shall be on an "as needed" basis and supplemental to the work performed by PWP's Water Division construction crews.

The bid schedule was categorized into three groups (A, B, and C) based on the type of utility maintenance service listed above. Bidders thereby had an opportunity to bid on any or all three groups based on their specialty. PWP benefits from this bidding strategy by choosing the lowest bidder in each of the categories.

The Notice Inviting Bids for Specification WD-17-01 was advertised in the Pasadena Journal and posted online through Planet Bids on June 15, 2017. In addition, Specifications were sent to eleven contractors, none of which were local since there are no known water construction and maintenance companies in Pasadena. A pre-bid conference was not conducted. Two responsive bids were received and opened on July 11, 2017. In contacting potential bidders, it was determined that the strong economy and volume of construction work currently undergoing throughout Southern California was the reason for the low number of bidders.

The bid results are as follows:

Bid Group A: Exercise Valve

<u>Bidders</u>	<u>Grand Total Price</u>
R&M Service Solutions, Inc., Westminster, CA	\$140,000
Spiniello Companies, Pomona, CA	\$672,000

Bid Group B: Maintenance and Replacement of Water Meter

<u>Bidders</u>	<u>Grand Total Price</u>
Spiniello Companies, Pomona, CA	\$968,500
R&M Service Solutions, Inc., Westminster, CA	\$1,425,000

Bid Group C: Line Stops

<u>Bidders</u>	<u>Grand Total Price</u>
R&M Service Solutions, Inc., Westminster, CA	\$358,700
Spiniello Companies, Pomona, CA	\$840,888

Total	\$1,467,200
Engineer's Estimate	\$1,650,000

R&M Service Solutions, Inc. is the lowest responsive bidder in Groups A and C and Spiniello Companies is the lowest responsive bidder in Group B. Staff recommends limiting the award of a contract for Group C not to exceed \$175,600 per year to R&M Service Solutions, Inc., based on the anticipated amount of work projected. Both bidders comply in all respects with the requirements of the Specification.

The proposed contracts comply with Competitive Bidding and Purchasing Ordinance P.M.C. 4.08 and the rules and regulations promulgated thereunder. Staff recommends that the City Council award two contracts: One to R&M Service Solutions, Inc. for an amount not to exceed \$315,600 (addition of Group A and C) per year for one year with three optional one-year extensions of \$315,600 each; and, one to Spiniello Companies for an amount not to exceed \$968,500 per year for one year with three optional one-year extensions of \$968,500 each. Water Distribution staff in the Water Services Division will monitor the spending.

R&M Service Solutions, Inc. has a current contract with PWP in the amount of \$24,999. Spiniello Companies does not have any current or past contracts with PWP.

COUNCIL POLICY CONSIDERATION:

The proposed contracts are consistent with the City Council Strategic Planning Goal to improve, maintain, and enhance public facilities and infrastructure. They support PWP's Water System Master Plan adopted by the City Council in 2002 and addresses the replacement of aging water distribution mains and establishment of reliable infrastructure for the City's water system.

ENVIRONMENTAL ANALYSIS:

The action proposed herein is not a project subject to CEQA in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3), and 15378. The authorization of two contracts to furnish labor and materials for utilities maintenance services to the Department's Water Division construction crews' job sites or other locations within the PWP service territory is an administrative and maintenance activity. The authorization of the proposed contracts would not commit the City to undertaking or approving any actual or specific physical construction activities or any other actions that involve physical changes to the environment. Rather, the proposed contracts would make such services available to potential water infrastructure projects, which themselves would be subject to CEQA consideration. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.

FISCAL IMPACT:

The total cost of this action will be a maximum of \$1,262,400 for R&M Service Solutions, Inc. and \$3,874,000 for Spiniello Companies over four years if the three additional one-year terms are exercised. Funding for this action will be addressed by the utilization of existing budgeted appropriations in CIP #1001 – Distribution Mains, CIP #1002 – Meters and Services, CIP #1003 – Customer Driven, and CIP #1019 – Fire Protection System Improvements, as well as the utilization of approved appropriations for operating and maintenance of water transmission and distribution systems.

It is anticipated that approximately \$1,284,100 of the cost will be spent in the initial year of the contracts which falls in fiscal year 2018 and 2019, with approximately \$1,050,000 spent in fiscal year 2018. The operating and maintenance costs are the gate valve exercising estimated at \$140,000 per year, for a total of \$560,000 for all four years.

The following table presents the contract summary:


First-year contracts amount	\$1,284,100
Optional three year extensions	\$3,852,300
Total amount of contracts	\$5,136,400

Respectfully submitted,



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