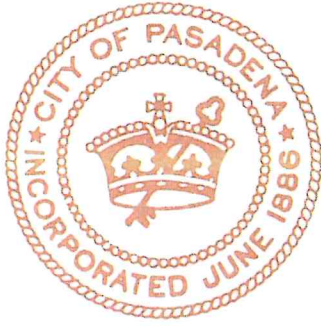




Agenda Report

August 17, 2026

TO: Honorable Mayor and City Council

FROM: Water and Power Department

SUBJECT: AUTHORIZE THE CITY MANAGER TO ENTER INTO A CONTRACT WITH PAVECO CONSTRUCTION, INC. TO FURNISH LABOR AND MATERIALS FOR UTILITY AND MISCELLANEOUS STREET REPAIRS FOR AN AMOUNT NOT TO EXCEED \$7,500,000 FOR UP TO THREE YEARS

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 and, as such, no environmental document pursuant to CEQA is required; and
2. Award contract to the lowest and best bid dated June 22, 2026, submitted by Paveco Construction, Inc. in response to the project plans and specifications for utility and miscellaneous street repairs, and authorize the City Manager to enter into a contract for an amount not to exceed \$2,500,000, or for an initial term of up to one year, whichever occurs first, with the option for two additional one-year terms at \$2,500,000 per year, at the discretion of the City Manager, for a total contract amount not to exceed \$7,500,000.

BACKGROUND:

Pasadena Water and Power ("PWP") routinely installs water mains to replace aging pipelines and to enhance system reliability and water quality. PWP uses in-house staff to perform the installation of mainlines, modifications to the water distribution system for new developments, regular maintenance, and repairs to ruptured pipelines and services. The Furnish and Deliver Utility and Miscellaneous Street Repairs contract furnishes labor, equipment, and materials to restore and final-pave streets, and repair or replace sidewalks, driveways, curbs, and gutters impacted by PWP's Water Division

construction crews as a result of installing water mains, water services, fire hydrants, and other water facilities.

The bid schedule lists items covering the various street restoration requirements such as asphalt concrete pavement, asphalt rubber hot mix, Portland cement concrete pavement, raising and lowering existing gate cans and water meter boxes/vaults to grade, and other items. Bidders must submit prices for all items to be considered responsive, and the contract award is based on the lowest grand total bid price. To determine their bid price, bidders multiply the estimated quantities by their unit price for each scenario. These quantities were developed by staff using historical material usage and projected work activity. This evaluation method was fully disclosed in the Specification.

On May 22, 2026, a Notice Inviting Bids for Specifications to Furnish and Deliver Utility and Miscellaneous Street Repairs, Project ID 2026-IFB-LM-0320, was published and posted on OpenGov, generating notifications to all vendors registered with the City of Pasadena ("City") for this particular commodity class. Two vendors downloaded the Specifications, none of which were local. By the closing date, the City received two bids, with no submissions from local vendors.

The results of the bids were as follows:

#	Bidders	Total Bid Amount
1	Paveco Construction, Inc.	\$1,703,037.50
2	A & Y Asphalt Contractors, Inc.	\$3,016,700.00

Paveco Construction, Inc. submitted the lowest responsive and responsible bid, met all requirements of the Specification, and holds the required, valid California State Contractors License Classification "A." Since 2020, the City has awarded Paveco Construction, Inc. two contracts, one of which was with PWP, and none are currently active.

The proposed contract complies with Competitive Bidding and Purchasing Ordinance P.M.C. 4.08 and the rules and regulations promulgated thereunder. The project was bid as a prevailing wage project, and workers employed by the contractor will be paid the general prevailing rate of per diem wages as determined by the California Department of Industrial Relations.

As the lowest responsive bidder, staff recommends that the City Council authorize the City Manager to award the contract to Paveco Construction, Inc. in the amount of \$2,500,000 for an initial one-year term, with two optional one-year extensions at \$2,500,000 per year, for a maximum total not to exceed amount of \$7,500,000 if all options are exercised.

Paveco Construction, Inc.'s bid amount reflects unit prices applied to estimated quantities derived from historical restoration activity. However, the total volume of work

expected over the contract term is anticipated to exceed those base bid quantities due to forecasted Capital Improvement Program (CIP) activity, including water main replacements and related restoration needs that require additional paving and surface restoration. Therefore, the maximum not-to-exceed contract amount of \$7,500,000 represents the funding necessary to support the full scope of anticipated work over the contract term, if all options are exercised.

COUNCIL POLICY CONSIDERATION:

This project is consistent with the City Council's Strategic Planning Goals to improve, maintain, and enhance public facilities and infrastructure; and to ensure public safety. It is consistent with the Water System and Resources Plan for the replacement of aging water distribution mains and establishment of reliable infrastructure to protect the public and minimize disruption of the City's water system.

ENVIRONMENTAL ANALYSIS:

CEQA excludes, from environmental review, actions that are not "projects" as defined by Public Resources Code Section 21065 and within the meaning of CEQA Guidelines Section 15378. Sections 21065 and 15378 define a project as an action which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Section 15378(b) excludes from the definition of "project" continuing administrative or maintenance activities, such as purchases for supplies and services. The action proposed herein authorizing the City Manager to enter into a contract for construction purposes, is an administrative activity for the purchasing of services, and therefore is not a "project" as defined by CEQA. Since the action is not a project subject to CEQA, no environmental document is required.

The proposed contract is not a project subject to CEQA pursuant to Section 21065 of the Public Resources Code and State CEQA Guidelines Sections 15060(c)(2), 15060(c)(3), and 15378. The authorization of a contract to furnish labor, equipment, and materials for utility and miscellaneous street repairs at the Water Division construction job sites or other locations within the PWP service territory is a continuing administrative and maintenance activity. The City has maintained such agreement(s) with paving contractors for equivalent services in the past, and the proposed contract is a continuation of such services. In addition, the authorization of the proposed contract 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 contract would make such services available to potential water infrastructure projects, which themselves would be subject to CEQA consideration. Since the action is not a project subject to CEQA, no environmental document is required.

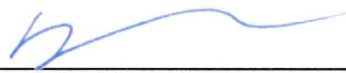
FISCAL IMPACT:

The maximum cost of this contract will be \$7,500,000 over the course of three years, should all optional one-year terms be exercised, as broken out in the following table.

Fiscal Year	Amount
2027	\$2,500,000
2028	\$2,500,000
2029	\$2,500,000
Total	\$7,500,000

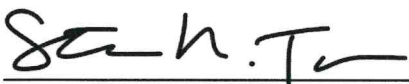
Funding for this action will be addressed by the utilization of existing and future appropriations in the Water Capital Fund (412). The Water Capital Fund (412) includes the following Capital Improvement Projects: Distribution Mains (01080), Meters and Services (01081), and Customer Driven (01082). There is no impact to the General Fund.

Respectfully submitted,



DAVID M. REYES
General Manager
Water and Power Department

Prepared by:



Stacie N. Takeguchi
Chief Assistant General Manager
Water and Power Department

Approved by:



MATTHEW E. HAWKESWORTH
Interim City Manager