

# SWEETWATER AUTHORITY

## Engineering and Operations Committee

January 13, 2025



### **Consideration to Authorize the General Manager to Execute On-call Emergency and General Construction Services Contracts with Basile Construction, Inc. and Palm Engineering, Inc.**

#### **RECOMMENDATION**

Staff recommends that the Governing Board authorize the General Manager to execute On-call Emergency and General Construction Services contracts with Basile Construction, Inc. and Palm Engineering, Inc., with each contract having a one-year duration and a not-to-exceed cost of \$100,000.

#### **OVERVIEW**

Sweetwater Authority (Authority) maintains on-call contracts with local general contractors to provide emergency and minor general contracting services when required. Typically, these are in support of Authority's in-house construction crew services if Authority crews do not have the staff available to perform the work or if the work is of a particular nature that is outside of their expertise.

The Authority has current on-call emergency and general construction services contracts with El Cajon Grading and Engineering Company, Inc. (El Cajon Grading) and Ortiz Corporation (Ortiz), with both contracts expiring in June 2025, and without additional annual renewal options. However, Ortiz verbally notified staff that they could no longer perform additional work for the Authority due to a large contract they executed with the City of San Diego, which would limit the resources available to the Authority. The contract with El Cajon Grading is still active; however, Management directed staff to prepare a Request for Qualifications (RFQ) for new on-call contractor selection, to have more than one on-call contractor available to the Authority.

The RFQ was issued on September 13, 2024, through PlanetBids and advertised on the Authority's website. The RFQ requested "A" licensed general contractors to submit qualifications for emergency and other general water utility work. Statements of Qualifications were due on October 4, 2024, and two firms that are considered exceptionally experienced and qualified responded to the RFQ: Basile Construction, Inc. (Basile) and Palm Engineering, Inc. The Authority has experience and a good work history with both contractors. Submittals from both Basile and Palm Engineering, Inc. are included as Attachments 1 and 2, respectively.

It was put forth in the RFQ and it is recommended that a one-year contract would be awarded with an additional four (4) one-year options. Terms allow the Authority to request emergency work at any time with a guaranteed 24-hour response time. Miscellaneous on-call work would require quotes to be submitted for the specific scope of work and would be awarded to the lowest bidder. Task Orders would be issued for work in accordance with the Authority policy for Purchasing Procedures. The current policy indicates that work in excess of \$75,000 requires Board approval. There is no guarantee of any work.

Staff recommends authorizing the General Manager to execute on-call contracts with Basile and Palm Engineering, as detailed in Option 1. The draft contract to be used with both contractors is included as Attachment 3. If these contracts are authorized by the Board, the contract with El Cajon Grading will be cancelled.

### **FISCAL IMPACT**

The FY 2024-25 Budget Operating Expense line item 10-50-500-5424 – Operations Materials & Services Maintenance for Mains includes funding for emergency and general construction services.

Miscellaneous work that supports development projects has no fiscal impact on the Authority as those are processed at full cost recovery to the Authority.

The exact fiscal impact cannot be determined at this time due to the unpredictability of emergencies and other work where Authority crews may require assistance or additional coverage. However, staff estimates the annual need for contractor support for emergency work could be up to \$100,000 annually.

Rates for labor will be subject to prevailing wage, in accordance with Authority and Department of Industrial Relations policies. Rates for equipment are established by Caltrans, and rates for materials are based on current market conditions. A sample cost for an emergency water main repair using current rates is included as Attachment 4.

### **OPTIONS**

1. Authorize the General Manager to execute On-call Emergency and General Construction Services contracts with Basile Construction, Inc. and Palm Engineering, Inc., with each contract having a one-year duration and a not-to-exceed amount of \$100,000.
2. Reject the contractors' bids as presented and direct staff to renegotiate contract terms in accordance with any direction provided by the Board.
3. Other direction as determined by the Governing Board.

#### **Staff Contact:**

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## **SUPPORTING INFORMATION**

### **Attachments**

1. Submittal from Basile
2. Submittal from Palm Engineering
3. Draft On-call Construction Contract
4. Sample Rates for Emergency Work
5. Staff Presentation

### **Strategic Plan**

Strategic Plan Goal 2: System and Water Supply Reliability (SR) – Achieve an uninterrupted, long-term water supply through investment, maintenance, innovation and developing local water resources.

- Objective SR2: Cost-effectively maintain facilities and infrastructure to optimize their useful life and performance.
- Objective SR3: Perform infrastructure preventive and corrective maintenance programs that ensure all transmission and distribution system appurtenances are functional and effective.

### **Past Board Actions**

June 12, 2024     The Governing Board adopted Resolution 24-08, Approving the Budget for FY 2024-25.  
The Governing Board approved the FY 2024-25 Strategic Plan Detailed Work Plan.