



## City Council Staff Report

**From: City Manager**

**Report Type: CONSENT CALENDAR**

**Lead Department: Public Works**

**Meeting Date: June 19, 2023**

Report #:2303-1226

### **TITLE**

Approval of a one-year General Services contract with Stephen Ciari Plumbing and Heating, Inc. for Backflow Prevention Devices Testing, Repair, and Certification Services and Approval of a FY 2023 Budget Amendment in the General Fund; CEQA Status – Categorically Exempt 15301 and 15302

### **RECOMMENDATION**

Staff recommends that Council:

1. Approve and authorize the City Manager or their designee to execute contract C23187444 with Stephen Ciari Plumbing and Heating, Inc. in the amount of \$146,308 for Backflow Prevention Device Testing, Repair, and Certification Services; and
2. Authorize the City Manager or their designee to negotiate and execute one or more change orders to the contract with Stephen Ciari Plumbing and Heating, Inc. for related, additional but unforeseen work which may develop during the contract period, the total value of which shall not exceed \$14,630; and
3. Amend the Fiscal Year 2023 budget appropriation for the General Fund (requires a 2/3 vote) by:
  - a) Increasing the Public Works Department Public Services Division operating budget ongoing contract expenses expenditure by \$55,911;
  - b) Increasing the Community Services Department Parks Division operating budget ongoing contract expenses expenditure by \$55,911; and
  - c) Decreasing the Budget Stabilization Reserve by \$111,822.

## BACKGROUND

In accordance with State law, backflow prevention devices require annual testing and certification. The testing of City of Palo Alto-owned backflow prevention devices must follow current regulations of the California State Department of Public Health contained in Title 17 of the California Administrative Code, Chapter 5, Subchapter 1, Group 4, Sections 7583 through 7604.

## ANALYSIS

### *Scope Overview*

The City has about 400 backflow devices that need to be tested and certified annually. Prior to starting work, the contractor is required to meet with City of Palo Alto Cross Connection Control Staff from the Utilities Department, who will provide prefilled test forms and tags for known devices. The annual inspections will occur in July, and repairs or replacements will immediately follow. There are also miscellaneous inspections, repairs, or replacements that happen throughout the year.

### *Bid Process*

On March 14, 2023, a notice inviting formal bids for Backflow Prevention Device Testing, Repair, and Certification Services was posted on the PlanetBids website. The bidding period was 15 days. Bids were received from two qualified contractors on March 28, 2023, as listed on the attached Bid Summary (Attachment A).

### *Summary of Bid Process*

<b>Backflow Prevention Device Testing, Repair, and Certification Services RFQ #187444</b>	
<b>Bid Name/Number</b>	
<i>Proposed Length of Contract</i>	Three Years
<i>Total Days to Respond to Bid</i>	15
<i>Number of Bids Received</i>	2
<i>Bid Price Range</i>	\$457,791 to \$693,979

Staff has reviewed the submitted bids and recommends that the bid of \$457,791 submitted by Stephen Ciari Plumbing and Heating, Inc. be accepted and that Stephen Ciari Plumbing and Heating, Inc. be declared the lowest responsible bidder. The award of contract<sup>1</sup> includes the base bid, but for a term of one year rather than the three-year term originally included in the procurement. The change order amount of \$14,630 (which equals 10 percent of the total

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<sup>1</sup> Stephen Ciari Plumbing and Heating, Inc C23187444: <https://www.cityofpaloalto.org/files/assets/public/public-works/public-services/contracts/contract-c23187444-stephen-ciari-plumbing-and-heating-inc.pdf>

contract) is requested for related, additional but unforeseen work which may develop during the contract term. Staff confirmed with the Contractor's State License Board that the contractor has an active license on file. Staff also confirmed with the California Department of Industrial Relations (DIR) that the contractor has an active DIR registration.

### *Contract Cost Increases*

The prior three-year contract was \$122,325. The new three-year contract total as submitted by the low bidder was \$457,791. As a comparison, individual inspection costs under the previous contract were \$75 whereas for the new contract, they are ranging from \$229 to \$611.

Prevailing and union wage rates have substantially increased in the last three years.

Additionally, the prior contractor had significant and ongoing performance issues in completing the required work, which may have been related to their lower costs in comparison to other contractors. Staff contacted other local cities to ask for cost comparisons, but was unable to obtain comparisons. Several cities stated that they perform this work in-house. Staff also contacted one of the contractors who downloaded the bid package but chose not to submit a bid. The contractor verbally stated a price higher than the two bids that were received as the bid they had developed but decided not to submit.

Given the significantly higher cost of the new contract, staff recommends approval of a one-year contract rather than the three-year contract originally intended under the procurement. After further review, staff believes that the tight timeframe requirement to complete all testing and any needed repairs may have contributed to higher bids. Staff is reevaluating this requirement and will adjust the contract specifications to provide greater flexibility to bidders and complete a new procurement prior to the expiration of the recommended one-year contract. Additionally, the Utilities Department is considering a potential in-house model under which Utilities staff would conduct backflow prevention device testing for all water utility customers.

### **FISCAL/RESOURCE IMPACT**

Funding for a portion of the first year of the Backflow Prevention Device Testing, Repair, and Certification Services contract is available in the Fiscal Year 2023 Public Works Department and Community Services Department operating budgets. For the remaining portion, staff recommends increasing the Fiscal Year 2023 budget by \$55,911 in the Public Works operating budget and by \$55,911 in the Community Services operating budget, and decreasing the Budget Stabilization Reserve (BSR) by \$111,822. This draw would reduce the BSR to \$52.8 million, this reserve level is 19% of General Fund expenses, above the Council target of 18.5% however, impact the estimates used to develop the FY 2024 Proposed Budget as this use was not included.

**STAKEHOLDER ENGAGEMENT**

Ten contractors were notified through Planetbids for this solicitation. Staff will be notified if testing or repair work will be disruptive in their workspace.

**ENVIRONMENTAL REVIEW**

This contract is categorically exempt from the California Environmental Quality Act (CEQA) under Sections 15301 and 15302 of the CEQA guidelines as an alteration to an existing facility and no further environmental review is necessary.

**ATTACHMENTS**

Attachment A: Bid Summary for Backflow Prevention Devices Testing, Repair, and Certification Services

**APPROVED BY:**

Brad Eggleston, Director Public Works/City Engineer