



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Julia H. Cooper

SUBJECT: SEE BELOW

DATE: June 15, 2021

Approved

Date

06/17/21

SUBJECT: ACTIONS RELATED TO PURCHASE ORDERS FOR THE PURCHASE OF ASPHALT, ELECTRICAL PARTS AND SUPPLIES, MAILING SERVICES, PLUMBING SERVICES, AND REMOVAL AND REPLACEMENT OF CONCRETE

RECOMMENDATION

Adopt a resolution to authorizing the City Manager to:

- (a) Amend the open purchase orders with Reed & Graham, Inc. (San José, CA) and Granite Construction Company (Los Angeles, CA) for the purchase of asphalt, to retroactively continue and extend the term of the purchase orders from May 1, 2020 through October 31, 2021 and to increase compensation by a cumulative not-to-exceed amount of \$281,000, for a revised maximum compensation not-to-exceed \$581,000.
- (b) Amend the open purchase orders with Buckles Smith Electric Company (San José, CA) and Edges Electrical Group, LLC (San José, CA) for the purchase of electrical parts and supplies, to extend the term of the purchase orders from July 1, 2021 through October 31, 2021 and to increase compensation by a cumulative amount of \$1,200,000, for a revised maximum compensation not-to-exceed \$6,200,000.
- (c) Amend the open purchase orders with The Sourcing Group, LLC (Pleasanton, CA) and E & J VALUEPLUS dba SENDnLINK (San José, CA) for mailing services, to extend the term of the purchase orders from October 14, 2021 through December 31, 2021 and to increase compensation by a cumulative amount of \$145,500, for a revised maximum compensation not-to-exceed \$430,000.
- (d) Amend the open purchase order with Stephen Ciari Plumbing and Heating, Inc. dba Ciari Plumbing & Heating, Inc., (San Jose, CA) for plumbing services, to retroactively continue and extend the term of the purchase order from July 1, 2020 through May 31, 2021 and to increase compensation by a cumulative amount of \$855,000 for a revised maximum compensation not-to-exceed \$1,645,000.

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- (e) Amend the open purchase orders with Bearden Construction Co., Inc dba CB Concrete, Inc. (Los Gatos, CA), Duran Construction Group (San José, CA), Golden Bay Construction, Inc. (Hayward, CA), and J.J.R. Construction, Inc. (San Mateo, CA) for concrete removal and replacement services, to retroactively continue and extend the term of the purchase orders from January 12, 2021 through August 31, 2021 and to increase compensation by a cumulative not-to-exceed amount of \$1,245,333, for a revised maximum compensation not-to-exceed \$6,093,666.

OUTCOME

To ensure that the City's sidewalks, pathways, roadways and electrical infrastructure are maintained properly and functioning in optimal condition, mailing services are available to support essential departmental functions, and to resolve payment for concrete removal and installation services, asphalt material, and plumbing services provided to the City.

BACKGROUND

The Purchasing Division of the Finance Department conducts procurements and maintains purchase orders and contracts at the request of City departments. Annually, the Division processes over 2,000 purchase order requests on behalf of City departments. During the COVID-19 emergency, the Purchasing Division suspended many normal competitive bidding activities in order to support Emergency Operation Center (EOC) procurement and contracting requests. Many of City departments' normal purchase orders were extended to allow Finance-Purchasing staff to address the emergency. Normal competitive bidding activities resumed in January 2021, and staff has been working through a large backlog of procurement and contracting requests from departments. This memorandum summarizes five (5) separate actions for Council's approval due to the need for staff to prioritize EOC procurement requests and/or the capacity challenges in addressing the resulting procurement backlog.

Asphalt Material (Recommendation a): The Department of Transportation (DOT) maintains City streets and requires asphalt for its pavement maintenance core services, including responding to scheduled and priority complaints, curb and gutter conforms, pothole repairs, and streets damaged during sewer repairs. The initial award for this material was made to Reed & Graham and Granite Construction under the City Manager's contract authority on May 1, 2015 with its last option expiring April 30, 2020. Prior to the April 30, 2020 expiration date, Finance staff initiated a new RFB to re-solicit these services. The competitive process was subsequently put on hold so staff could prioritize COVID-19 procurement requests from the City's Emergency Operation Center.

To ensure DOT would not run out of asphalt, the POs were initially extended through October 30, 2020 and later extended through April 30, 2021, with a combined increase in maximum compensation of \$155,000. In April 2021, DOT requested to extend the POs through October

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31, 2021 and increase compensation to the Reed & Graham PO. Approval of the recommendation will allow the purchase orders to be retroactively extended from May 1, 2021 through October 31, 2021 with an increase in compensation, and ensure DOT continues to receive asphalt to complete paving projects without delays while a new RFB is completed and awarded.

Electrical Parts and Supplies (Recommendation b): Various City departments require the purchase of electrical parts and supplies, including fuses, connectors, wires, circuit breakers, relays, etc., to support a multitude of electrical repairs and maintenance requirements throughout the City. The City currently has two citywide open purchase orders for these parts and supplies. The initial award and four (4) one-year options to renew were approved by Council in September 2016¹ with the last option expiring on June 30, 2021. Finance staff is currently working with the Department of Public Works to finalize the requirements for a new RFB and is seeking Council approval of the recommendation to extend the current purchase orders through October 2021 to ensure the City continues to receive these required parts and supplies until the bid is completed and awarded.

Mailing Services (Recommendation c): City departments require the use of citywide mailing services to support various essential departmental functions, such as community outreach, advertising, and providing information to those in the community that otherwise would not have access. The City currently has two (2) citywide open purchase orders for these services that were issued under the City Manager's contract authority. The last option on these POs were expiring on October 14, 2020 and was subsequently extended through October 14, 2021 due to the need to prioritize COVID-19 procurements. Staff is currently working on the preparation of a new RFB. Approval of the recommendation will allow staff to extend the current purchase orders through December 31, 2021 to ensure the City continues to receive these essential mailing services until the new bid is completed and awarded.

Plumbing Services (Recommendation d): The Department of Public Works (PW) oversees the maintenance of over 400 facilities and structures within the City of San José and the PW Plumbing Shop is responsible for managing the high-volume maintenance and emergency plumbing services citywide. These plumbing services help preserve the integrity of the various water and waste systems and related pieces of equipment, such as backflows, water heaters, boilers, restroom and kitchen plumbing fixtures, sump and ejector pumps, and high-pressure systems located throughout City-owned facilities.

The initial award for these services was made to two (2) vendors, Ciari Plumbing and Burr Plumbing, on July 1, 2015, under the City Manager's contract authority. After the initial award, the demand for these services increased, so staff took a recommendation to Council to amend the purchase orders to add additional funds. The amended POs were approved by Council in January 2017² which included the approval to exercise three (3) annual options to renew the purchase orders through June 30, 2020, subject to appropriations of funds. To avoid a lapse in service

¹ Council Resolution September 2016: <https://records.sanjoseca.gov/Resolutions/RES77938.PDF>

² Council Resolution January 2017: <https://records.sanjoseca.gov/Resolutions/RES78060.PDF>

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during COVID-19, the POs with were extended from June 30, 2020 through December 31, 2020 with a combined increase in maximum compensation of \$350,000. In January 2021, the PO with Ciari Plumbing was extended to March 31, 2021 and increased by \$100,000 while the new bid award was being finalized, pursuant to Public Work's request.

A new Request for Bid (RFB) to secure replacement services was completed in March 2021 but could not be awarded until the action was approved by Council in May. In April 2021, pending Council action on the new RFB award recommendations, the Burr Plumbing PO was increased by \$305,000 and extended to May 31, 2021. There was also a request to add funds and extend the Ciari Plumbing PO through this date.

The new award to two vendors for plumbing services was approved by Council on May 11, 2021³. The first of two POs was issued on June 2, 2021 and the second PO was issued on June 9, 2021 after the requisite final post-award documents were received from the vendors.

To avoid a lapse in service, Public Works continued using the PO with Ciari Plumbing between March 31, 2021 and May 31, 2021, with an estimated spend during this time of \$66,000. Approval of the recommendation will allow staff to retroactively increase and extend the POs from July 1, 2020 through May 31, 2021 to cover the cost of plumbing maintenance and repairs required throughout the City during this period.

Concrete Removal and Installation Services (Recommendation e): The City is required to ensure that concrete sidewalks, curbs, gutters, driveway approaches, park strips, concrete pads and other concrete surfaces on City streetscapes within the public right of way, at over 200 parks, and other City locations are maintained to ensure public safety. Damaged or raised surfaces must be repaired in a timely manner to reduce the risk of injury to the public and the City's liability exposure from such injuries. The Department of Transportation (DOT), Parks, Recreation and Neighborhood Services Department (PRNS), Department of Public Works (PW), and Environmental Services Department (ESD) have multiple open purchase orders with multiple vendors.

The initial award for these services was made to multiple vendors on January 12, 2015. After the initial award, the demand for these services increased, so staff took a recommendation to Council to amend the purchase orders to add additional funds. The amended POs were approved by Council in September 2015⁴, which also included the approval to exercise five (5) options with the last option expiring on January 11, 2021, subject to the appropriation of funds. Staff issued an interim PO with Duran Construction through June 30, 2021 on behalf of PRNS pursuant to their request for maximum compensation of \$235,333. ESD did not require an extension of their purchase orders after the expiration date. The remaining POs were not extended because Finance did not receive encumbrance adjustment requests to process. However, DOT and Public Works staff were under the impression that the purchase orders had

³ Council Resolution May 2021: <https://records.sanjoseca.gov/Resolutions/RES79988.pdf>

⁴ Council Resolution September 2015: <https://records.sanjoseca.gov/Resolutions/RES77535.PDF>

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already been extended, and so services with these vendors continued. The estimated spend on these POs from January 12, 2021 to June 10, 2021 is as follows: CB Construction \$107,000, Duran Construction Group \$222,580, and Golden Bay Construction \$240,954.

A new Request for Bid (RFB) for these services closed on May 24, 2021 and a recommendation of award for new POs will be brought forward for Council's consideration in August 2021. The approval of the recommendation will allow for the payment for services rendered and allow services to continue until a new recommendation of award is taken to Council for approval in August 2021.

ANALYSIS

While staff strives to proactively to resolicit bids and ensure active and approved purchase orders are in place prior to expiration, the priorities of the COVID-19 pandemic and resulting backlog of procurement request made it challenging to do so completely.

It was critical to maintain ongoing services for the above items for the following reasons:

- The DOT Trees and Walkway Inspection Group (TWIG) has a large backlog of 1488 sidewalk repairs ready to be assigned with contractors waiting to complete the projects. Without a continuation in concrete removal and installation services, the backlog for TWIG maintenance and repairs, as well as those needed by other departments, would become excessive and create liability exposure for the City.
- Similarly, an interruption in the supply of asphalt material and electrical parts and supplies would have resulted in delays in roadway and electrical maintenance and repairs throughout the City exposing the City to additional liabilities.
- A lapse in mailing services would have limited the departments' abilities to communicate vital messaging and essential information to the communities the City serves.
- Finally, a lapse in plumbing services would have threatened the integrity of plumbing systems throughout the City and lead to degradation and costly future repairs.

Approval of these recommendations will allow staff to extend purchase orders with existing vendors, pay outstanding invoices, and allow time to complete and award the new solicitations for the aforementioned services and products.

Office of Equality Assurance: Prevailing Wage is applicable to the removal and replacement concrete and plumbing services purchase orders.

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CONCLUSION

Approval of these recommendations will ensure City sidewalks, pathways, roadways and electrical infrastructure are maintained and functioning properly and mailing services continue without interruption; settle outstanding invoices for the extension of concrete removal and installation services, asphalt material, and plumbing services; and allow sufficient time for staff to prepare, complete, and award solicitations for these products and services.

EVALUATION AND FOLLOW-UP

This memorandum will not require any follow-up from staff.

CLIMATE SMART SAN JOSE

The recommendation in this memo has no effect on Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the June 29, 2021 Council Meeting.

COORDINATION

This memorandum has been coordinated with the Departments of Transportation, Public Works Environmental Services, Parks, Recreation and Neighborhood Services, the City Attorney's Office and the City Manager's Budget Office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

FISCAL/POLICY ALIGNMENT

These Council items are consistent with the City's 2020-2021 Adopted Operating Budget City Service Area Delivery Frameworks: 1) "To effectively develop, manage, and safeguard the City's fiscal, physical, technological, and human resources to enable and enhance the delivery of City

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services and projects” and 2) “To provide the community with safe, secure, and efficient surface and air transportation systems that support San José’s livability and economic vitality.”

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION (final option term): **\$3,726,833**

2. COST ELEMENTS:

Recommendation a: Asphalt Material	\$ 281,000
Recommendation b: Electrical Parts & Supplies	1,200,000
Recommendation c: Mailing Services	145,500
Recommendation d: Plumbing Services	855,000
Recommendation e: Concrete Removal and Installation Services	1,245,333
Not-to-Exceed Final Option Term	\$3,726,833

3. SOURCE OF FUNDING: General Fund (001), Maintenance District No. 1 Fund (352), Construction Excise Tax Fund (465), Sewer Service and Use Charge Fund (541), Water Utility Fund (515), Park Trust Fund (375), C&C Fund: CD 1 (377), Lake Cunningham Park Fund (462)

4. FISCAL IMPACT: The ongoing concrete services and purchase of asphalt will be fully funded from funds noted above. The purchase of electrical parts and supplies and mailing services will be funded by City departments as purchases and payments made against the citywide, unencumbered purchase orders. The purchase of plumbing services will be paid for by City departments as they are charged for services contracted for on their behalf.

BUDGET REFERENCE

The tables and narrative below identify the fund and appropriations to fund the purchase order final option extensions recommended as part of this memo.

Recommendation (a)						
Fund #	Appn #	Appn. Name	Total Appn.	Amt. for Recommendation	2020-2021 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
465	5216	Pavement Maintenance – State Gas Tax	\$7,395,988	\$255,000	Capital V-623	10/20/20, 30494
541	0512	DOT – Non-Personal/Equipment	\$6,950,026	\$26,000	X-94	6/23/20, 30437
Total				\$281,000		

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Recommendation (b)

Various City departments require the purchase of electrical parts and supplies, such as fuses, connectors, wires, circuit breakers, relays, etc., to support various electrical repairs and maintenance service needs throughout the City. Parts and supplies will be funded by City departments as they make purchases against the citywide, unencumbered purchase orders.

Recommendation (c)

Various City departments require the purchase of mailing services to support various essential departmental functions throughout the City. Services will be funded by City departments as they make purchases against the citywide, unencumbered purchase orders.

Recommendation (d)

Services provided under this purchase order are managed by the Public Works Department on behalf of various City Departments and facilities. Project scope, cost, and funding source(s) will vary. Public Works will be responsible for paying contractors and charging Department(s) directly for all work performed under contract.

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Recommendation (e)						
Fund #	Appn #	Appn. Name	Total Appn.	Amt. for Recommendation	2020-2021 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
352	0512	District 1 Maintenance – Non-Personal/Equipment	\$180,700	\$10,000	X-62	6/23/2020, 30437
001	210Y	Sidewalk and Tree Hardship	\$621,711	\$150,000	IX-31	10/20/2020, 30494
001	3121	Sidewalk Repairs	\$2,000,000	\$400,000	IX-31	02/09/2021, 30531
001	0512	DOT – Non-Personal/Equipment	\$18,301,185	Extension only, no increase to OP amount	VIII-412	02/09/2021, 30531
001	0572	Public Works – Non-Personal/Equipment	\$15,217,390	\$300,000	VIII-375	2/9/2021, 30531
515	0762	ESD – Non-Personal/Equipment	\$37,184,419	Extension only, no increase to OP amount	X-104	10/20/2020, 30494
375	418I	Ryland Pool Improvements	\$231,000	\$100,000	Capital V-428	10/20/2020, 30494
001	415Q	Re-Use Facilities Capital Improvements	\$979,000	\$75,000	Capital V-275	6/23/2020, 30437
377	5006	Council District 1 Minor Building Renovations	\$90,000	\$40,000	Capital V-282	10/20/2020, 30494
462	414B	Lake Cunningham Regional Park Infrastructure	\$313,000	\$140,000	Capital V-422	10/20/2020, 30494
377	413N	Gullo Park Improvements	\$50,000	\$30,333	Capital V-282	10/20/2020, 30494
Total				\$1,245,333		

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

/s/
JULIA H. COOPER
 Director of Finance

For questions, please contact Jennifer Cheng, Deputy Director, at jennifer.cheng@sanjoseca.gov.