



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council

Item No. _____

FROM: City Administrator

SUBJECT: Award of Agreement to California Water Service Company for Lease of Real Property for the Commerce Water System to Provide Operations and Maintenance Services and Capital Improvement Program Implementation

MEETING DATE: April 3, 2018

RECOMMENDATION:

The City Council will consider for adoption a Resolution to award an Agreement to California Water Service Company for Lease of Real Property for the Commerce Water System to provide operations and maintenance services and Capital Improvement Program implementation.

BACKGROUND:

The current Agreement between the City of Commerce and California Water Service Company (Cal Water) for Lease of Real Property (Commerce Water System) to operate and maintain the municipally-owned Commerce Water System is for a 15 year period from October 1, 2002 to October 1, 2017. On September 5, 2017, Council executed an amendment to the agreement to extend the term through the end of the current fiscal year, June 30, 2018 to allow time for a formal Request for Proposals (RFP) process to solicit bids from interested and qualified parties.

The RFP was released on September 6, 2017 via the City's standard procedures and advertised through Planetbids online. A mandatory pre-bid site visit was held on September 20, 2017 and bids were due on November 9, 2017. Cal Water was the only company who participated in the site visit and submitted a proposal. Based on past and current experience with Cal Water and their demonstrated knowledge, resources, excellent customer service, and responsiveness to both customers and the City, staff recommends awarding an agreement to Cal Water for a 15-year period to continue operating and maintaining its water system and implementing its Capital Improvement Program (CIP). Cal Water agreed to the terms in the attached new agreement including Standard

Operating Procedures (Exhibit B to the agreement) which were not part of the former agreement.

The City has made great progress since developing a long term CIP two years ago. Cal Water and staff began implementing the CIP with the design and construction of a new drinking well currently underway for Station 7 (a three year process), completion of Well 3E's planned destruction as required by the California Department of Drinking Water due to contaminants, replacement of aged main pipeline completed on Pacific Drive last year and scheduled for Kuhl Drive this year, and replacement of a pump and motor and carbon treatment system at Station 4 to meet regulatory requirements for drinking water.

Staff previously reported on the poor condition of the City-owned Commerce Water System due to a deferred CIP. As a result, Council took action and approved a long term CIP implementation schedule and the projects aforementioned. Staff intends to return to Council following execution of a new agreement with an update on the system and rate structure, CIP recommendations for next year, and future needs.

ALTERNATIVES:

1. Approve staff recommendation
2. Disapprove staff recommendation
3. Provide further direction to staff

FISCAL IMPACT:

Cal Water will continue to pay the City \$845,000 annually, which is set aside in the Water Utility Fund to fund the Commerce Water System CIP.

RELATIONSHIP TO STRATEGIC GOALS:

This item is related to a specific 2016 Strategic Goal to “develop and implement a sustainable Capital Improvement Program to ensure the quality of existing infrastructure and to support future plans for the City.”

Approved by: Maryam Babaki, Director of Public Works and Development Services

Prepared by: Gina Nila, Deputy Director of Public Works Operations

Reviewed by: Vilko Domic, Finance Director

Approved as to form: Noel Tapia, City Attorney

Respectfully submitted: Edgar P. Cisneros, City Administrator

ATTACHMENTS: Agreement and exhibits
Resolution
Cal Water Proposal