



AGENDA NO: 7.g

MEETING DATE: April 8, 2025

# Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** March 18, 2025

**FROM:** Austin Della, PE – Senior Civil Engineer  
Ryan Luzzi – Engineering Intern

**SUBJECT:** Award of Contract with Newton Construction & Management, Inc., for the Brackish Water Reverse Osmosis Facility Re-skin and Re-roofing Project (Project No. MB2024-UT09)

## RECOMMENDED ACTION

1. Award and authorize the City Manager to execute a contract with Newton Construction & Management, Inc., for Project No. MB2024-UT09, Brackish Water Reverse Osmosis (BWRO) Facility Re-skin and Re-roofing Project (Project) in an amount not-to-exceed \$322,786.20, which includes a 10% Contingency. All agreements implementing such project work shall be processed and based on the review of the City Attorney’s Office to be in form and substance acceptable to City staff and legal counsel.; and
2. Direct staff to transfer \$122,786.20 from the Nutmeg Pressure Zone Project (921-9932) to the BWRO re-skin project account to add necessary funding.

## ALTERNATIVE

An alternative is to reject the recommended contract approval and take other action as City Council deems appropriate.

## FISCAL IMPACT

No new funding is requested for this project. The original \$200,000 budget allocation for this project is insufficient to complete the work. As such, staff requests a funding transfer from the Nutmeg Pressure Zone project account (\$2.695M available) to make up for the shortfall. All funding is from the Water Fund.

To fill in the funding gap, staff recommends supplementing the project budget with \$122,786.20 from the Nutmeg Pressure Zone Project. With the additional allocation of \$122,786.20 to the BRWO Re-skin and Re-roofing Project, the total funds for the project will be \$322,786.20.

Revenue Sources	Amount
Water Fund FY 21/22 Budget Adoption	\$ 200,000.00
Intra-fund Transfer from 921-9932 Nutmeg Pressure Zone Project	\$ 122,786.20
<b>Total Revenue Sources for Project</b>	<b>\$ 322,786.20</b>

Prepared By: AD/RL

Dept Review: GK

City Manager Review: YK

City Attorney Review: RWS

<b>Estimated Expenditures</b>	<b>Amount</b>
Award (Base Bid)	\$ 293,442.00
Contingency (10%)	\$ 29,344.20
<b>Total Expenditures Authorized by Council for Project</b>	<b>\$ 322,786.20</b>

**DISCUSSION**

The BWRO Re-skin and Re-roofing Project addresses a critical need to address the aging building that houses the BWRO. The BWRO building protects the City’s reverse osmosis system that allows the City to provide water to its customers during State Water outages. The building’s roof is beyond its useful life and has multiple leaks. In response to this need, the City Council authorized \$200,000 from the Water Fund during the adoption of the 21/22 Budget for this capital project. Shortly after the budget was approved, staff began work on the project, only to realize that the allocated funds were insufficient to complete it. As a result, the project was put on hold while staff explored alternatives to a full re-skin. The alternative solution will include, but not limited to, re-roofing, partial replacement of metal siding, painting, excavation, and other work outlined in the scope of work attached to the contract.

**PROCUREMENT PROCESS AND AWARD RECOMMENDATION**

The City of Morro Bay is a member of Sourcewell (formerly known as the National Joint Powers Alliance), which competitively bids construction tasks with pre-set unit prices and specifications for general construction services including materials, equipment, and labor costs. Staff communicated with Gordian, which serves as a Sourcewell administrator, to procure a general contractor to complete re-skin and re-roofing work at the City’s BWRO Facility. On September 12, 2023, Sourcewell issued a Notice of Solicitation for Proposals for Indefinite Delivery-Indefinite Quantity Construction Contracts. Forty-six submissions were received and evaluated by the Sourcewell selection committee. Submissions were evaluated based on a responsive bid, lowest overall cost and competitive range for their adjustment factor. The process undergone by Sourcewell has resulted in competitive pricing. Newton Construction Inc., was awarded a contract on December 6, 2023.

On January 13, 2025, Gordian submitted Newton Construction, Inc.'s proposal for the BWRO Re-Skin and Re-Roofing project. Newton Construction, Inc., located in San Luis Obispo, has agreed to extend the contract prices, terms, and conditions under Sourcewell Contract CA-R7-GB-101723-NCM to the City. The proposed contract fully complies with the Competitive Bidding and Living Wage Ordinances.

City staff recommends Newton Construction & Management, Inc. to complete the BWRO re-skin and re-roofing project based on their experience and performance with similar projects. Newton Construction & Management, Inc. has a valid contract with Sourcewell until December 2029. Staff conducted a job walk, provided the scope of work, and received a \$293,442.00 proposal from Newton Construction & Management, Inc. Staff have reviewed the proposal and found the price fair and reasonable for this work and consistent with pre-set unit prices established in their contract with Sourcewell.

**ATTACHMENT(S)**

1. Contract