

RESOLUTION NO. \_\_\_\_\_ (CM)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE AUTHORIZING RE-ADVERTISEMENT FOR BIDS FOR THE WWTF ELECTRICAL SYSTEM HAZARD MITIGATION PROJECT, NO. WW-22-14797 WITHOUT APPLYING THE PROJECT LABOR AGREEMENT, PURSUANT TO WATSONVILLE MUNICIPAL CODE SECTION 7-17.03**

**WHEREAS**, the bids for the WWTF Electrical System Hazard Mitigation Project, No. WW-22-14797 (“Project”), were publicly opened in the “Old City Council Chambers”, City Hall, 250 Main Street, Watsonville, CA on Tuesday April 30, 2024, at 2:00pm, and later tabulated by the Purchasing Officer for the consideration of the City Manager and submission to the City Council; and

**WHEREAS**, the City has been awarded a grant through the Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant Program and the California Governor’s Office of Emergency Services (CalOES) Prepare CA Match program totaling \$16,912,774, plus an additional \$750,000 for grant management costs, to be used for the Project; and

**WHEREAS**, to meet the grant funding requirements, the City must adhere to the Federal procurement regulations codified in Code of Federal Regulations (CFR) Title 2, Part 200 Subpart D;

**WHEREAS**, 2 CFR 200.319 requires that all projects receiving federal funds be bid in a manner providing full and open competition consistent with the standards of § 200.319 and § 200.320. Section 200.320 (b)(1)(i)(B) requires that “two or more responsible bidders willing and able to compete effectively for the business”; and

**WHEREAS**, the City received only one bid, for \$6.9 million in excess of the engineer’s estimate; and

**WHEREAS**, Watsonville Municipal Code Section 7-17.03, “Application of project labor agreement policy,” authorizes the City to enter into a Project Labor Agreement (PLA), and states that it shall apply to all public works construction projects with a projected construction cost of \$600,000 or more “unless the existence of a project labor agreement will jeopardize State, Federal or other public funding sources”; and

**WHEREAS**, accepting the sole bid received would be inconsistent with procurement requirements and thus jeopardize the grant funding for the project; and

**WHEREAS**, the Project is critical for the City, and the grant funds make the Project possible. The Project involves complex and specialized construction work that is available from only a limited number of contractors and subcontractors. The City Council believes that the PLA impacted the number of bidders willing and able to compete for the Project, and that rebidding the Project without the PLA, as authorized by Municipal Code Section 7-17.03, would result in more potential bidders willing to compete for the project which may result in a competitive number of bids compliant with State and federal regulations, and permit the City to retain the grant funding; and

**WHEREAS**, the City has requested an extension of the timeline for Project completion in order to rebid the Project; and

**WHEREAS**, on May 14, 2024, the City Council adopted Resolution No. 69-24 (CM) rejecting the sole bid received for the project.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:**

1. Adopting a Resolution authorizing readvertisement of bids does not meet CEQA’s definition of a “project” because the action does not necessarily commit the City to the Project. The adoption of the Resolution thus does not have the potential to result

in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment.

2. Staff is hereby authorized to re-advertise for bids for the WWTF Electrical System Hazard Mitigation Project at a future date to be determined by staff.

3. Pursuant to Watsonville Municipal Code Section 7-17.03, the Project Labor Agreement does not apply to this project rebid as bidding the Project with the Project Labor Agreement may jeopardize the federal and State grant funding the City has received for the project.

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