



**CITY OF HUNTINGTON BEACH
PUBLIC WORKS COMMISSION
REQUEST FOR ACTION**

Item No. PW 10-04

SUBMITTED TO: Chairman McGovern and Members of the Commission
SUBMITTED BY: Travis K. Hopkins, PE, Director of Public Works 
DATE: January 20, 2010
SUBJECT: Proposed Modifications to the City Charter

Statement of Issue: A subcommittee of the Public Works Commission has agreed upon modifications to City Charter Section 617 Infrastructure Fund. Minor modifications also are proposed for Section 614 Contracts on Public Works.

Funding Source: No funding required for this action.

Impact on Future Maintenance Costs: No direct impact.

Recommended Action: Motion to recommend the attached memo to the Charter Review Commission titled: Proposed Modifications to City Charter Section 614 Contracts on Public Works and Section 617 Infrastructure Fund.

Alternative Action(s): Revise the proposed language to either or both sections.

Analysis: At the December 16, 2009 meeting, a subcommittee was formed to develop proposed modifications to City Charter Section 617 Infrastructure Fund. No changes are proposed to paragraphs (a) or (c). The subcommittee has concurred on revisions to paragraph (b), as shown in strikethrough (remove) and italics and underline (add). Complete language for each section is included in the attachment.

Section 617 INFRASTRUCTURE FUND

(b) Revenues placed in the Infrastructure Fund shall not supplant existing infrastructure funding. ~~The average percentage of general fund revenues utilized for infrastructure improvements and maintenance, for the five- (5) year period of 1996 to 2001, is and was 14.95%.~~ Expenditures for infrastructure improvements and maintenance, subsequent to 2001, shall not be reduced below 15% of general fund revenues based on a five- (5) year rolling average.

Debt service included in the calculation shall not exceed three percent (3%) of general fund revenue as determined for infrastructure expenditures.

Section 614 Contracts on Public Works

The subcommittee inquired about other Charter Sections relating to Public Works that would benefit from revision. The Director of Public Works suggested that Section 614, Contracts on Public Works, requires advertised public bid on all projects estimated at twenty-five thousand dollars (\$25,000) or greater. The threshold amount for public bid is proposed to be one hundred thousand dollars (\$100,000). In the current Capital Improvement Program, two of the 60 projects are less than \$100,000 and three are budgeted at \$100,000. This amount is consistent with California Public Contract Code Section 22032.

Section 614. CONTRACTS ON PUBLIC WORKS.

Except as hereinafter expressly provided, every contract involving an expenditure of more than ~~Twenty-five Thousand Dollars (\$25,000)~~ One Hundred Thousand Dollars (\$100,000) for the construction or improvement (excluding maintenance and repair) of public buildings, works, streets, drains, sewers, utilities, parks and playgrounds, and each separate purchase of materials or supplies for the same, where the expenditure required for such purchase shall exceed the sum of ~~Twenty-five Thousand Dollars (\$25,000)~~, One Hundred Thousand Dollars (\$100,000), shall be let to the lowest responsible bidder...

The City Council may reject any and all bids presented and may readvertise in its discretion. After rejecting bids, or if no bids are received, or without advertising for bids if the total amount of the contract or project is less than ~~Twenty-five Thousand Dollars (\$25,000)~~ One Hundred Thousand Dollars (\$100,000), the City Council may declare and determine that in its opinion....

All public works contracts exceeding the sum of ~~Twenty-five Thousand Dollars (\$25,000)~~ One Hundred Thousand Dollars (\$100,000) may be let and purchases exceeding the sum of ~~Twenty-five Thousand Dollars (\$25,000)~~ One Hundred Thousand Dollars (\$100,000) may be made without advertising for bids if such work or the purchase of such materials or supplies shall be deemed by the City Council to be of urgent necessity...

Attachments:

Memo from Public Works Commission to Charter Review Commission titled Proposed Modifications to City Charter Sections 614 Contracts on Public Works and Section 617 Infrastructure Fund.

ATTACHMENT #1

G-34



CITY OF HUNTINGTON BEACH

INTERDEPARTMENTAL COMMUNICATION

TO: Chairman Harlow and the Charter Review Commission

FROM: Chairman McGovern and the Public Works Commission

DATE: January 20, 2010

SUBJECT: Proposed Modifications to City Charter Section 614 Contracts on Public Works and Section 617 Infrastructure Fund

The Public Works Commission (PWC) has reviewed sections of the current City Charter that apply to public works activities. Section 614 Contracts on Public Works, and Section 617 Infrastructure Fund, are relevant to our duties. Proposed modifications are incorporated in this memo with strike-out for removal and *italicized and underlined text* to show insertions.

Section 614 Contracts on Public Works

The PWC concurs with all requirements of this section requiring public bids for construction, bid rejection procedure, urgency clause, and utility extensions. The minimum expenditure amount of twenty-five thousand dollars (\$25,000) or more was established in 1982. An increase to one hundred thousand (\$100,000) dollars, to be applied consistently in all areas of the section, is proposed. This amount is consistent with California Public Contract Code Section 22032.

SECTION 614 CONTRACTS ON PUBLIC WORKS

Except as hereinafter expressly provided, every contract involving an expenditure of more than ~~Twenty-five Thousand Dollars (\$25,000)~~ *One Hundred Thousand Dollars (\$100,000)* for the construction or improvement (excluding maintenance and repair) of public buildings, works, streets, drains, sewers, utilities, parks and playgrounds, and each separate purchase of materials or supplies for the same, where the expenditure required for such purchase shall exceed the sum of ~~Twenty-five Thousand Dollars (\$25,000)~~, *One Hundred Thousand Dollars (\$100,000)*, shall be let to the lowest responsible bidder after notice by publication in accordance with Section 503 by two or more insertions, the first of which shall be at least ten days before the time for opening bids.

The City Council may reject any and all bids presented and may readvertise in its discretion. After rejecting bids, or if no bids are received, or without advertising for bids if the total amount of the contract or project is less than ~~Twenty-five Thousand Dollars (\$25,000)~~ *One Hundred Thousand Dollars (\$100,000)*, the City Council may declare and determine that in its opinion, the work in question may be performed better or more economically by the City with its own employees, or that the materials or supplies may be purchased at lower price in the open market, and after the adoption of a resolution to this effect by the affirmative vote of a majority of the total members of the City Council, it may proceed to have said work done or such materials or supplies purchased in the manner stated without further observance of the provisions of this section.

All public works contracts exceeding the sum of ~~Twenty-five Thousand Dollars (\$25,000)~~ One Hundred Thousand Dollars (\$100,000) may be let and purchases exceeding the sum of ~~Twenty-five Thousand Dollars (\$25,000)~~ One Hundred Thousand Dollars (\$100,000) may be made without advertising for bids if such work or the purchase of such materials or supplies shall be deemed by the City Council to be of urgent necessity for the preservation of life, health, or property and shall be authorized by at least five affirmative votes of the City Council.

Projects for the extension, replacement or expansion of the transmission or distribution system of any existing public utility operated by the City or for the purchase of supplies or equipment for any such project or any such utility may be excepted from the requirements of this section by the affirmative vote of a majority of the total members of the City Council.

Section 617 Infrastructure Fund

The PWC has expressed extensive concern over preserving funds for infrastructure maintenance. In keeping with our primary focus, we propose a limit to general fund debt service toward the minimum fifteen percent (15%) infrastructure calculation.

Section 617 INFRASTRUCTURE FUND

(a) All revenue raised by vote of the electors or imposed by vote of the City Council on or after March 5, 2002, by a measure which states that the revenue to be raised is for the purpose of infrastructure, as said term is defined in this paragraph, shall be placed in a separate fund entitled "Infrastructure Fund." The term "Infrastructure" shall mean long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years. They include storm drains, storm water pump stations, alleys, streets, highways, curbs and gutters, sidewalks, bridges, street trees, landscaped medians, parks, beach facilities, playgrounds, traffic signals, streetlights, block walls along arterial highways, and all public buildings and public ways. Interest earned on monies in the Infrastructure Fund shall accrue to that account. Monies in said Fund shall be utilized only for direct costs relating to infrastructure improvements or maintenance, including construction, design, engineering, project management, inspection, contract administration and property acquisition. Monies in said Fund shall not be transferred, loaned or otherwise encumbered for any other purpose.

(b) Revenues placed in the Infrastructure Fund shall not supplant existing infrastructure funding. ~~The average percentage of general fund revenues utilized for infrastructure improvements and maintenance, for the five (5) year period of 1996 to 2001, is and was 14.95%. Expenditures for infrastructure improvements and maintenance, subsequent to 2001, shall not be reduced below 15% of general fund revenues based on a five- (5) year rolling average. Debt service included in the calculation shall not exceed three percent (3%) of general fund revenue as determined for infrastructure expenditures.~~

(c) The City Council shall by ordinance establish a Citizens Infrastructure Advisory Board to conduct an annual review and performance audit of the Infrastructure Fund and report its findings to the City Council prior to adoption of the following fiscal-year budget.

Representatives from the PWC and the Public Works Department will attend the scheduled Charter Review Commission meetings. We look forward to discussing these proposals.