

# City of Hesperia STAFF REPORT



**DATE:** June 2, 2026

**TO:** Mayor and Council Members

**FROM:** Rachel Molina, City Manager

**BY:** Cassandra Sanchez, Director of Public Works/City Engineer  
Tina Souza, Senior Project Manager

**SUBJECT:** Authorize Expenditures from Con-Fab California, LLC for the Rancho Road Aqueduct Crossing Project, C.O. No. 7139

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## RECOMMENDED ACTION

It is recommended that the City Council authorize expenditures from Con-Fab California, LLC in the amount of \$221,550 for storage fees, sales tax, handling (preparation and loading), and engineer evaluation fees for the girders for the Rancho Road Aqueduct Crossing Project, Construction Order (C.O) No. 7139.

## BACKGROUND

Due to unforeseen circumstances, the construction contract for the Rancho Road Corridor Widening Project Phase III, collectively, C.O. Nos. 7094, 7131, 7139, 7146, 7154 (Project) was terminated in February 2025. At the time, the aqueduct bridge and some minor portions of roadway and waterline infrastructure adjacent to the bridge remained to be constructed.

With the termination of the contract, there were various materials for the Project that were previously paid for, commonly referred to as Materials on Hand (MOH) that are the property of the City, including girders for the bridge.

Con-Fab California, LLC is the manufacturer of the girders, and they have been stored at their facility.

## ISSUES/ANALYSIS

While the project was rebid and awarded to a new contractor, the City owns the girders manufactured by Con-Fab California, LLC, and is responsible for the materials until they are loaded on a truck, where they become the responsibility of the new contractor for delivery to the project site. Therefore, the City must pay the sales tax and handling fees. This is similar to a Free on Board/Freight on Board (FOB) origin purchase. These were unforeseen charges as a result of the termination that resulted in unusual circumstances outside standard construction operations, where these fees would be included under installation costs in the construction contract because the contractor would be purchasing the materials directly from the manufacturer. These are not additional charges to the City; it is a shift of payment responsibility.

The City is also responsible for the storage fees and any fees associated with engineer evaluation/calculations of the girders if they are out of camber or damaged from transport or installation.

The storage fees, sales tax, and handling fees are non-commodity items that are generally exempt from centralized purchasing as they relate to open market purchases or bidding, and are also a sole source. Further, the Project is identified in the CIP with an established budget, and miscellaneous project-related expenses do not require additional City Council authorization.

The storage fees are within the threshold for expenses that do not require City Council authorization. However, the upcoming charges for the sales tax and handling fees will exceed the authorization limits based on value. Engineer evaluation/calculations is an estimated amount and will occur only if necessary, based on number of girders requiring evaluation. Further, due to the unusual circumstances and for transparency, staff is requesting City Council authorization for the following expenditures:

Storage Fees:	\$ 39,182.00
Handling Fees:	\$ 158,499
Sales Tax:	\$ 13,869
Engineer Evaluation/Calculation:	<u>\$ 10,000.00</u>
Total:	\$ 221,550

Storage fees were a result of the termination of the original construction contract, and were sole sourced through Con-Fab California, LLC. Upon City Council authorization, staff will process prompt payment to the vendor to facilitate transport to the Project site for installation.

**CITY GOAL SUPPORTED BY THIS ITEM**

**Capital Improvement** – Continually evaluate capital improvement priorities.

**FISCAL IMPACT**

Funding for the Project is budgeted in the approved Fiscal Year 2025-26 Capital Improvement Program. A budget amendment for the FY 2025-26 CIP Budget is also being presented at this meeting to provide additional project funding as necessary.

**ALTERNATIVE(S)**

1. Provide alternative direction to staff.

**ATTACHMENT(S)**

None