

*STAFF REPORT**CITY OF OCEANSIDE*

DATE: August 16, 2006

TO: Honorable Mayor and City Councilmembers

FROM: Water Utilities Department

SUBJECT: **ANNUAL PURCHASE ORDERS OVER \$50,000**

**SYNOPSIS**

Staff recommends that the City Council approve annual purchase orders for the purchase of equipment, supplies, materials and services in amounts over \$50,000 from various Water Utilities Department funds; and authorize the Financial Services Director, or designee, to execute the annual purchase orders.

**BACKGROUND**

Each fiscal year, the City's Water Utilities staff estimates the quantity of special equipment, supplies and materials that will be needed for water and sewer systems maintenance and operation during the next twelve months and submits requisitions for purchase orders for the required supplies. Staff obtains three bids, unless the purchase is a sole source item. The vendor or supplier is selected on the criteria of best product for the needed purpose at the lowest price. The process is the same for single-item purchases.

**ANALYSIS**

Staff is requesting approval of open purchase orders based on our estimate of annual purchases and inventory replenishment for the fiscal year. The commodity nature of the supplies, materials and services purchased result in homogenous pricing across vendors. The requested vendors provide reliable service and a delivery schedule that is compatible with our requirements. Due to the number of purchases made throughout the year, we feel that open purchase orders will allow us the flexibility to more efficiently maintain the high rate of service we provide. Staff is requesting approval for the following purchase orders:

Vendor	Supplies/Services	Requested Purchase Order Total
L.A. Chemical/Brenntag	Aluminum sulfate, ammonium hydroxide, sodium hypochlorite, sulfuric acid, sodium hydroxide, hydrochloric acid	387,000.00
Brenntag Pacific	Ferric chloride	92,384.85
Chem-Tech	Odor counteractant	85,338.00
Pioneer Americas, Inc.	Chlorine	55,000.00

Vendor	Supplies/Services	Requested Purchase Order Total
Polydyne, Inc.	Polymer	250,045.73
Sweetwater Technologies	Cationic polymer	55,000.00
Thatcher Company	Sodium hypochlorite	60,000.00
US Filter/Davis Products, Inc.	Bioxide	270,072.14
US Peroxide, LLC	Hydrogen peroxide	456,997.92
	TOTAL:	\$1,711,838.64

**FISCAL IMPACT**

In the adopted budget for FY 2006-2007, City Council approved \$6,696,597 for water and wastewater expenditures for inventory replenishment, chemicals, equipment, small tools, machinery, uniforms, supplies, and services. There are budgeted funds for the requested purchases.

**COMMISSION OR COMMITTEE REPORT**

Does not apply.

**CITY ATTORNEY'S ANALYSIS**

Purchases must comply with bid requirements set forth in Chapter 28A of the City Code. Professional service agreements must be reviewed by the City Attorney and approved as to form.

**RECOMMENDATIONS**

Staff recommends that the City Council approve annual purchase orders for the purchase of equipment, supplies, materials and services in amounts over \$50,000 from various Water Utilities Department funds; and authorize the Financial Services Director, or designee, to execute the annual purchase orders.

PREPARED BY:

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 Administration Manager

SUBMITTED BY:

[Signature]  
 Barry E. Martin  
 Interim City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Assistant to the City Manager [Signature]

Nita McKay, Financial Services Director [Signature]

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