

STAFF REPORT



ITEM NO. 8 CITY OF OCEANSIDE

DATE: August 17, 2011
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 for a total of \$864,341, 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 fiscal year and submits requisitions for purchase orders for the required supplies. In accordance with Chapter 28A of the City Code, 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, staff believes that open purchase orders will allow the Water Utilities Department the flexibility to more efficiently maintain the high rate of service we provide. Staff is requesting approval for purchase orders in the following table:

Vendor	Supplies/Services/ Use	Sole Source/ Competitive Bid	Account Number	Requested Purchase Order Total
Ashland Hercules Inc	Polymer/Wastewater treatment	Competitive Bid	800804721.5355.0002	\$78,297
El Camino Rental	Equipment rental/Waterline repair	Competitive Bid	750756711.5335	\$55,000
H.D. Supply	Water pipeline repair supplies & fire hydrants & associated equipment	Competitive Bid	750756711.5320	\$100,000
H.D. Supply	Water meters & brass parts & material for large meters	Competitive Bid	750757711.5355	\$98,000
Miles Chemical	Ferrous & Ferric Chloride/Wastewater treatment & odor control	Competitive Bid	800805721.5355.0002 & 800804721.5355.0002	\$468,044
T.S. Industrial Supply	Various supplies & equipment/Water distribution	Competitive Bid	750756711.5320	\$35,000
			750756711.5355	\$30,000
			Total:	\$864,341

FISCAL IMPACT

The City Council approved \$3,537,990 in the adopted budget for FY 2011-2012 for water and wastewater expenditures for chemicals, equipment, small tools, machinery, supplies, and services. The total not-to-exceed amount is \$864,341 for the recommended purchases. There are available funds for the requested purchases.

COMMISSION OR COMMITTEE REPORT

Does not apply.

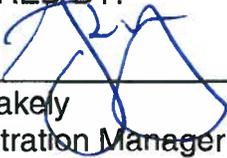
CITY ATTORNEY'S ANALYSIS

Purchases must comply with bid requirements set forth in Chapter 28A of the City Code. The reverse auction procedure is consistent with the competitive bidding requirements of Chapter 28A. 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 for a total of \$864,341, and authorize the Financial Services Director, or designee, to execute the annual purchase orders.

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