

# STAFF REPORT



# ITEM NO. 8 CITY OF OCEANSIDE

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DATE: June 5, 2013  
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 issued Requests for Proposals (RFPs) for these items to ensure the widest possible vendor audience was reached. Proposals were reviewed and a vendor or supplier selected on the criteria of best product or service provided for the needed purpose at the lowest price. Past performance and vendor reference checks were also considered in the case of items with multiple proposals at approximately the same overall cost.

## **ANALYSIS**

Staff is requesting approval of open purchase orders based on the 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 us the flexibility to more efficiently maintain the high rate of service we provide. Staff is requesting approval for the following purchase orders as outlined in Table 1 below.

Table 1

Vendor	Supplies/Services	Procurement Method	Account Number	Requested P.O. Total
Sloan Electromechanical Service and Repair	Pump and Motor Repair Services	Competitive Bid	800800721.5320 & 1711.1300.0001	\$100,000 \$45,000
Aqua-Metric	Water Meters	Competitive Bid	750757711.5355	\$85,000
HD Supply Waterworks	Water Distribution Hardware and Fixtures	Competitive Bid	1711.1300.0001	\$75,000
HD Supply Waterworks	Fire hydrants, gate valves & service line materials	Competitive Bid	1711.1300.0001	\$125,000
Ayala Engineering	I&I Pressure Grouting and Epoxy Coating Services	Competitive Bid (pricing hold over from FY12-13)	800800721.5320	\$70,000
Bay City Electric Works	Generator Maintenance	Competitive Bid (pricing hold over from FY 12-13)	800800721.5320 750754711.5320 750755711.5320 750756711.5320	\$52,000
TS Industrial USA Bluebook Airgas	Tools & Supplies	Competitive Bid	1711.1300.0001 1721.1300.0001	\$175,000 \$55,000 \$25,000
Grainger	Facility MRO	Cooperative Purchase (NJPA)	1721.1300.0001 1711.1300.0001	\$ 8,250 \$42,000
			<b>TOTAL:</b>	<b>\$857,250</b>

As noted above, Requests for Proposals were issued for the materials and services indicated. Proposals were received and reviewed by staff, and the proposals which best met the Department's needs for the items indicated are being recommended for purchase orders. Additionally, Grainger has an existing competitively bid purchase agreement through the National Joint Powers Authority (JPA), and staff is recommending using this agreement under the provisions of 28A.24(b) of the Oceanside City Code, allowing cooperative purchasing.

In several cases, the selected vendor provided pricing for the next three fiscal years, at the Department's request. Council is advised that the Department is requesting permission to take advantage of this pricing, by encumbering funds for the selected supplies and equipment for the next three fiscal years. This will provide the Department with some price stability for commonly purchased goods and services, and will facilitate budgeting for these goods and services without having to reissue RFPs every year.

Table 2 below outlines the proposals received for the procurements conducted this fiscal year, and staff's recommendation for each proposal. In the case of tools & supplies, staff is recommending award to all three companies who submitted proposals, because of the varied nature of items purchased, the amount of expenditures in FY 2012-13, and the desire to have multiple suppliers to provide continuity of supply channels in the event of an emergency or natural disaster. One proposer for Tools and

Supplies, Airgas, does not carry the full line of tools and supplies used by Water Utilities staff, but did provide competitive pricing for gloves and other items, and therefore, staff recommends award of a smaller purchase order to this supplier.

Table 2

<b>Procurement</b>	<b>Proposing Company</b>	<b>Recommendation</b>	<b>Explanation</b>
<b><i>Pump &amp; Motor Repair</i></b>	Sloan Electromechanical	Award	Responsive Proposal
	RA Reed Electric	Reject as non-responsive	No Contractors License; Refused to offer credit for staff time involved with pulling pumps and motors during warranty period
<b><i>Sensus Water Meters</i></b>	Aqua-Metric	Award	Responsive Proposal
<b><i>Water Distribution Hardware &amp; Fixtures</i></b>	HD Supply Waterworks	Award	Responsive Proposal
	Pacific Pipeline	Reject as non-responsive	No Addenda, no bid on these items
<b><i>Fire Hydrants, Gate Valves, etc.</i></b>	HD Supply Waterworks	Award	Responsive Proposal
	Pacific Pipeline	Reject as non-responsive	No Addenda, also slightly higher price overall.
<b><i>Tools &amp; Supplies</i></b>	TS Industrial	Award	Responsive Bid, multiple awards recommended
	USA Bluebook	Award	Responsive Bid, multiple awards recommended
	Airgas	Award	Under \$50,000 – no Council Action Necessary

The services provided by Ayala Engineering and Bay City Electric Works will be performed within City properties, and therefore require a professional services agreement (PSA). No work will be performed under these purchase orders until a properly executed PSA is signed by both the Contractor and the City.

Annual Purchases for chemicals will come forward for Council consideration under a separate action.

**FISCAL IMPACT**

The net impact of encumbering these funds in FY 2013-14 will be \$857,250. In anticipation of these purchases, the Department has budgeted sufficient funds to cover these purchases, should Council approve the budget as submitted. For FY 2014-15 and 2015-16, the Department will ensure that sufficient funds are budgeted for these purchases for water and wastewater expenditures for inventory replenishment, equipment, small tools, machinery, supplies, and services.

**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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