

# STAFF REPORT



# ITEM NO. 10 CITY OF OCEANSIDE

DATE: February 19, 2014  
TO: Honorable Mayor and City Councilmembers  
FROM: Water Utilities Department  
SUBJECT: **INCREASE TO REVENUE AND EXPENDITURE BUDGETS FOR THE WATER SALES-CONSTRUCTION FEES ACCOUNTS**

## **SYNOPSIS**

Staff and the Utilities Commission recommend that the City Council approve a revenue increase in the amount of \$24,500 to the Water Sales-Construction Fees Account; and approve an expenditure increase in the amount of \$24,500 to the Meter Services Operating Budget for the purchase of water meters and appurtenances for new development.

## **BACKGROUND**

The Meter Services Division of the Water Utilities Department is responsible for reading and maintaining customer meters, responding to requests for customer service in the field, and providing new or replacement meters to existing customers and to new development. The annual operating budget for meter services includes funding for providing meters and appurtenances for existing customer demands as well as a small amount of funding for development related purchases. This fiscal year, Meter Services has determined that additional funding will be necessary to meet increasing demands and purchases due to development which is exceeding earlier projections.

## **ANALYSIS**

Developers pay a buy-in fee when they request a new water or sewer service connection. The fees are deposited in the respective fund (water or sewer development fund) as revenue. The fee includes a meter box, lid, and various shut-off valves and piping.

The cost to install a new meter and appurtenances, including parts and labor, ranges from approximately \$395 for a 5/8" residential meter to over \$23,000 for a 10" commercial/industrial fire service. Due to the increase in projected development activity, the amount of funds needed to purchase new meters due to growth exceeds budgeted funds.

Staff is recommending that two purchase orders which allow for the purchase of water meters and appurtenances be increased by \$24,500 in order to ensure continuity of services and timely installation of water meters due to development activities.

**FISCAL IMPACT**

Staff recommends increasing the revenue and expenditure budgets as follows:

<b>Account</b>	<b>Current Budget</b>	<b>Recommended Increase</b>	<b>Revised Budget</b>
1711.4471.0006 (Revenue)	\$ 45,000	\$24,500	\$ 69,500
750757711.5320 (Expenditure)	\$ 66,450	\$ 2,500	\$ 68,950
750757711.5355 (Expenditure)	\$184,000	\$22,000	\$206,000

Staff recommends increasing two existing purchase orders as follows:

<b>Purchase Order</b>	<b>Vendor</b>	<b>Account</b>	<b>Current</b>	<b>Increase</b>	<b>Revised</b>
1001767	Aqua-Metric	750757711.5355	\$85,000	\$22,000	\$107,000
1001765	HD Supply Waterworks	750757711.5320	\$10,000	\$ 2,500	\$ 12,500

The purchase orders listed above are part of the Department's annual purchase of goods and services. Both vendors were selected through a competitive procurement process. Council approval is needed because the amount of the purchase orders, alone or in aggregate, exceeds \$50,000.

**INSURANCE REQUIREMENTS**

Does not apply

**COMMISSION OR COMMITTEE REPORT**

The Utilities Commission approved staff's recommendation at its regularly scheduled meeting on January 21, 2014.

**CITY ATTORNEY'S ANALYSIS**

Purchases must comply with bid requirements set forth in Chapter 28A of the City Code.

**RECOMMENDATIONS**

Staff and the Utilities Commission recommend that the City Council approve a revenue increase in the amount of \$24,500 to the Water Sales-Construction Fees Account; and approve an expenditure increase in the amount of \$24,500 to the Meter Services Operating Budget for the purchase of water meters and appurtenances for new development.

PREPARED BY:

  
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Jason Dafforn  
Water Utilities Division Manager

  
\_\_\_\_\_  
Steven R. Jepsen  
City Manager

REVIEWED BY:

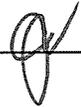
Michelle Skaggs Lawrence, Deputy City Manager

  
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Cari Dale, Water Utilities Director

  
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James R. Riley, Financial Services Director

  
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ATTACHMENTS:

- 1. Aqua-Metric Purchase Order
- 2. HD Supply Waterworks Purchase Order



**City of Oceanside**  
300 N. Coast Hwy. Oceanside, CA 92054

\* Original \*

<b>Shipped From</b> Aqua-Metric Sales Co. 4050 Flat Rock Dr. Riverside CA 92505		<b>Ship To</b> City of Oceanside Water Yard 4925 Oceanside Blvd. Oceanside CA 92056		P.O. No. 1001767
Ordered 6/19/2013	Requested 6/19/2013	Comments City Council Approved 6/5/13, Item #8. Annual Purchase Order FY 13/14. PO requested by John McKelvey.		Date 6/19/13
				Branch/Plant 750757711
				Page 1

Line	Rev	Description/Supplier Item	Ordered	Uom	Unit Price	Pu /Uom	Extended Price	Account Number
1.000	0	Water Meters & Supplies		LS	0.00		85,000.00	750757711.5355
							Total Order	85,000.00

Purchasing Officer <i>John M. McKelvey</i> PURCHASING OFFICER		DATE 6/20/13	Total Order 85,000.00
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# City of Oceanside

300 N. Coast Hwy. Oceanside, CA 92054

\* Original \*

Shipped From		Ship To		P.O. No.	1001765
HD Supply Waterworks		City of Oceanside Water Yard		Date	6/19/13
File #56214		4925 Oceanside Blvd.		Branch/Plant	750757711
Los Angeles CA 90074-6214		Oceanside CA 92056		Page	1
Ordered	Requested	Comments			
6/19/2013	6/19/2013	Annual Purchase Order FY 13/14. PO requested by John McKelvey.			

Line	Rev	Description/Supplier Item	Ordered	Uom	Unit Price	Pu /Uom	Extended Price	Account Number
1.000	0	Misc Water Supplies	LS	0.00		10,800.00	10,800.00	750757711.5320
Total Order							10,800.00	

 PURCHASING OFFICER		DATE 6/20/13	Total Order 10,800.00
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