

# STAFF REPORT



# ITEM NO. 8 CITY OF OCEANSIDE

DATE: June 25, 2014  
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 for FY 2014-15 from various Water Utilities Department funds for a total of \$2,457,000; 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 quality of service we provide. Staff is requesting approval for the following purchase orders as outlined in Table 1.

Table 1

Vendor	Supplies/Services	Procurement Method	Account Number	Requested P.O. Total
Aqua-Metric	Water Meters	Competitive Bid	750757711.5355	\$400,000
Armorcast Products	Water Meter Boxes	Sole Source	750757711.5320	\$60,000
Ayala Engineering	Infiltration & Intrusion Pressure Grouting and Epoxy Coating Services	Competitive Bid	800812722.5320 800803721.5320	\$80,000 \$50,000
Bay City Electric Works	Generator Maintenance	Cooperative Purchase (City of Vista)	800800721.5320 750359711.5320	\$42,000 \$20,000
Cintas Corporation	Uniform & Towel Service	Cooperative Purchase (US Communities)	711.5380 721.5380.	\$27,500 \$37,500
Doherty Concrete	As-needed Concrete Repairs	Competitive Bid (Public Works)	711.5320 721.5320	\$40,000 \$60,000
El Camino Rentals	Equipment Rental	Sole Source	711.5335 721.5335	\$50,000 \$50,000
Electrical Sales, Inc.	Electrical Parts and Supplies	Cooperative Purchase (City of Escondido)	800800721.5320 750359711.5320	\$100,000 \$30,000
Golden State Industrial Coatings	Facilities and Appurtenance Painting Services	Competitive Bid	800812722.5320	\$150,000
Grainger	Facility Maintenance, Repair and Operations	Cooperative Purchase (NJPA)	711.5320 721.5320	\$50,000 \$125,000
Hach Company	Scientific and Telemetry Equipment and Supplies	Cooperative Purchase (Federal GSA)	711.5355 721.5355	\$30,000 \$45,000
HD Supply Waterworks	Water Distribution Hardware and Fixtures	Competitive Bid	750751711.5320	\$30,000
HD Supply Waterworks	Fire hydrants, gate valves & service line materials, spare parts for meter services	Competitive Bid	711.5320 711.5355	\$150,000 \$50,000
Latest Concepts and Design	Specialty Fabrication and Supplies	Sole Source	800800721.5320 750359711.5320	\$75,000 \$25,000
Rancho Del Oro Landscape	Facility Landscape Services	Competitive Bid (Public Works)	711.5320 721.5320	\$80,000 \$95,000
Sloan Electromechanical Service and Repair	Pump and Motor Repair Services	Competitive Bid	800800721.5320 750359711.5320	\$280,000
TS Industrial	Tools & Supplies	Competitive Bid	711.5355 721.5355	\$100,000 \$125,000
			<b>TOTAL:</b>	<b>\$2,457,000</b>

The majority of the items above were bid for the 2013-2014 fiscal year, and allowed for a second year with the same terms and conditions. Generator maintenance will be provided by Bay City Electric Works, using a competitively bid agreement from the City

of Vista, Uniform and Mat Service through Cintas Corporation is a US Communities Contract; Grainger has an existing competitively bid purchase agreement through the National Joint Powers Authority (JPA); HACH Company has a Federal GSA contract; and Electrical Sales, Inc. was competitively bid by the City of Escondido. Staff is recommending using these agreements under the provisions of 28A.24 (b) of the Oceanside City Code, allowing cooperative purchasing.

Staff is recommending that three vendors be accepted as sole source suppliers for the Water Utilities Department. These vendors, and the reason for the recommendation, are elaborated in Table 2 below.

Table 2

<b>Vendor</b>	<b>Product/Service</b>	<b>Justification</b>
Armorcast	Water Meter Boxes/Lids	Only manufacturer of meter boxes used by Department. Purchasing direct from manufacturer reduces costs.
El Camino Rentals	Rental Equipment	Only local yard able to provide the wide variety of equipment needed on short notice; also only yard that has been available during after-hours emergencies.
Latest Concepts and Designs	Custom Fabrication	Custom fabrication of parts, screws, impellers and other items vital to maintenance of Department assets. Allows for repair, rather than replacement in some cases when custom fabrication is available.

The services provided by Ayala Engineering, Rancho Del Oro Landscape, Cintas Corporation, Doherty Concrete, Golden State Coatings 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 14-15 will be \$2,457,000. In anticipation of these purchases, the Department has budgeted sufficient funds to cover these purchases in the budget approved by Council on June 11, 2014.

**COMMISSION OR COMMITTEE REPORT**

The Utilities Commission approved staff's recommendation at its regularly scheduled meeting on May 20, 2014.

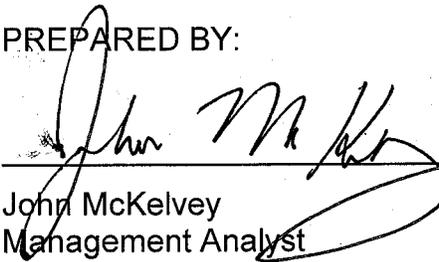
**CITY ATTORNEY'S ANALYSIS**

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.

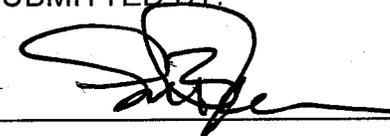
**RECOMMENDATIONS**

Staff recommends that the City Council approve annual purchase orders for the purchase of equipment, supplies, materials and services in amounts over \$50,000 for FY 2014-15 from various Water Utilities Department funds for a total of \$2,457,000; and authorize the Financial Services Director, or designee, to execute the annual purchase orders.

PREPARED BY:

  
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