



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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### REPORT TO COUNCIL

#### **SUBJECT**

Authorize the Issuance of a Purchase Order for Water Meter Boxes, Lids and Vaults (F16-141)

#### **REPORT IN BRIEF**

Council approval is requested to authorize the issuance of a one-year Purchase Order, in the amount of \$130,000, for water meter boxes, lids and vaults to Ferguson Enterprises Inc. of Hayward for use by the Water Division of the Department of Environmental Services. Approval is also requested to authorize the City Manager to increase the Purchase Order if necessary not to exceed budgeted amounts, and to renew the Purchase Order (PO) for up to two additional one-year periods, subject to available funding and acceptable pricing and service.

#### **EXISTING POLICY**

Pursuant to Chapter 2.08 of the Sunnyvale Municipal Code for the purchase of goods or services, Council approval is required to approve bids greater than \$100,000.

#### **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" within the meaning of the California Environmental Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no foreseeable indirect physical change in the environment.

#### **BACKGROUND AND DISCUSSION**

The Environmental Services Department requires water meter vaults, boxes and lids for replacement and installation in existing and new private developments and for City infrastructure. These items are either stocked at Central Stores and issued through the inventory process, or purchased on an as-needed basis as projects come on-line.

The City has standardized on the use of Armorcast meter boxes, vaults and lids, mainly for their durable, lightweight fiberglass construction (as opposed to concrete/steel combination sold by other manufacturers). The fiberglass units are easier to access (concrete vaults require heavy cranes for removal), generally last longer than concrete, and the lids are made of anti-skid material to help prevent slip/fall accidents on sidewalks.

In February 2016, Council approved an increase to last year's purchase order from \$75,000 to \$155,000 (RTC No. 16-0149). At that time, it was indicated that staff would competitively bid the new contract. Invitation for Bids (IFB) No. F16-141 was posted to the City's website in June 2016 and directly provided to known Bay Area suppliers. One bid was received from Ferguson Enterprise Inc., the City's current vendor.

The pricing submitted by Ferguson was substantially higher than their current pricing, in part due to

miscommunication between the City and the vendor regarding shipping charges and methods. Pursuant to Sunnyvale Municipal Code (SMC) Section 2.08.120(a), in situations where a single bid is received, the purchasing officer may negotiate a reasonable price, subject to the awarding authority's acceptance.

In this instance, staff was able to negotiate better pricing for most of the items bid. The final negotiated pricing includes some price increases from the current purchase order, but Ferguson was also willing to hold pricing on several bigger ticket items. Staff recommends issuing the PO to Ferguson in order to ensure that meter housing equipment is available when needed. Staff also contacted other Bay Area vendors for the Amorcast equipment to understand the reasons for not submitting a bid. As of the issuance of this report, no response has been received.

### **FISCAL IMPACT**

Based on recent purchasing activity, staff estimates that \$130,000 will be needed for the new PO. This amount may need to be increased during the year if demand remains high. Ample funding is budgeted in in the Water Resources operating program and in capital project 806351 - Land Development and Capital Construction. Therefore, staff recommends authorizing the City Manager to increase the Purchase Order not-to-exceed budgeted amounts.

### **Funding Source**

Materials and supplies are related to the City's water system are funded by the Water Supply and Distribution Fund.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

### **RECOMMENDATION**

1) Authorize the issuance of a one-year Purchase Order to Ferguson Enterprises, Inc., in substantially the same format as Attachment 1 to the report, in the amount of \$130,000; 2) authorize the City Manager to increase the Purchase Order if necessary, not to exceed budgeted amounts; and 3) authorize the City Manager to renew the Purchase Order for up to two additional one-year periods, subject to available funding, and acceptable pricing and service.

Prepared by: Pete Gonda, Purchasing Officer

Reviewed by: Timothy J. Kirby, Director of Finance

Reviewed by: John Stufflebean, Director of Environmental Services

Reviewed by: Walter C. Rossmann, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

### **ATTACHMENTS**

1. Draft Purchase Order
2. Bid Summary