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### **REPORT TO COUNCIL**

#### **SUBJECT**

Authorize the Issuance of Three Blanket Purchase Orders for Piping Supplies for Water and Sewer Services (F19-094)

#### **REPORT IN BRIEF**

Approval is requested authorize the issuance of three blanket purchase orders, not to exceed budgeted amounts, to Ferguson Enterprises, Inc. dba Ferguson Waterworks of San Jose, R&B Co. of Hayward, and Core & Main LP of San Jose for piping supplies, and to authorize the City Manager to renew the contracts for up to three additional one-year periods within budget if pricing and service remain acceptable to the City.

#### **EXISTING POLICY**

Pursuant to Section 2.08.040 of the Sunnyvale Municipal Code, City Council approval is required for the procurement of goods and services exceeding \$100,000 in any one transaction.

#### **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

#### **BACKGROUND AND DISCUSSION**

Piping supplies such as valve parts, fittings, and couplings are used regularly by Environmental Services Department staff for both infrastructure maintenance and upgrades. Items that are used on a regular, high-volume basis are stocked at the Central Stores warehouse, while supplies needed for emergencies, special projects, or other repairs are purchased on an as-needed basis. All purchases are coordinated through Central Stores.

Bid specifications were prepared by Finance and Environmental Services staff. Invitation for Bids No. F19-094 was posted on the City’s DemandStar public procurement network and directly provided to seven (7) suppliers. Sealed bids were publicly opened on April 3, 2019, with four (4) responsive bids received. A fifth bid was received from Corix Water Products, of Santa Clara, which staff recommends to be deemed non-responsive, as the bid was not submitted on the Revised Bid Form which included a number of new items for bid. The bid summary is contained in Attachment 1.

For bids with large part lists, it is typical that not all suppliers bid on all of the line items specified. Therefore, in order to ensure product availability, staff recommends establishing contracts with three suppliers, Ferguson Waterworks, R&B Co., and Core & Main LP. Purchase Order award amounts vary depending on the proportional quantity of low bid items each vendor is expected to provide. While required items will be routinely ordered from the low-bid supplier, if there is an urgent need for a particular item that is not readily available from the low-bid supplier, it can be obtained from one of the other suppliers.

### **FISCAL IMPACT**

For the last several years, these supply purchase orders have been established at not-to-exceed budgeted amounts because it is difficult to predict exactly how many items will be needed throughout the year. This difficulty is exacerbated by the City's aging infrastructure and the resulting increased maintenance.

Expenses have nearly doubled over the last several years, from an average of approximately \$300,000 between FY 2015/16 and FY 2017/18, to \$486,000 in FY 2018/19, largely due to a focus on proactively identifying and fixing deficiencies. These expenses have been within budgeted amounts in Operating Programs 360 (Water Resources) and 367 (Wastewater Collection), and various capital projects. As part of the annual budget process, staff will continue to analyze piping supplies purchases and recommend appropriate levels of expenditure for the contract term.

### **Funding Source**

Funding for these three (3) purchase orders are available in the Operating Programs 360 (Water Resources) from Water and Supply Distribution Fund and 367 (Wastewater Collection) from Wastewater Management Fund and various capital projects.

### **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**

- Authorize the issuance of a blanket purchase order to Ferguson Enterprises, Inc. dba Ferguson Waterworks, R&B Co., and Core & Main LP in substantially the same form as Attachments 2, 3 and 4 respectively, not to exceed budgeted amounts.
- Reject the bid of Corix Water Products as non-responsive.
- Authorize the City Manager to renew the purchase orders for up to three additional one-year periods provided that pricing and service remain acceptable to the City.
- Authorize the City Manager to modify the purchase orders during the initial or additional one-year terms, within budgeted amounts.

Prepared by: Gregory S. Card, Purchasing Officer

Reviewed by: Timothy J. Kirby, Director of Finance

Reviewed by: Ramana Chinnakotla, Director of Environmental Services

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

**ATTACHMENTS**

1. Bid Summary
2. Draft Blanket Purchase Order for Ferguson Enterprises, Inc. dba Ferguson Waterworks
3. Draft Blanket Purchase Order for R&B Company
4. Draft Blanket Purchase Order for Core & Main