

Agenda Report

March 12, 2001

To: City Council
From: City Manager
Subject: Authorization to Enter into a Purchase Order Contract with Western Water Works Supply Company, Inc. for Furnishing and Delivering Miscellaneous Water Utility Materials for Pasadena Water and Power (PWP)

RECOMMENDATION

It is recommended that the City Council:

- i) Accept the bid dated February 13, 2001, submitted by Western Water Works Supply Company, Inc. to furnish and deliver miscellaneous water utility materials for PWP;
- ii) Reject all other bids;
- iii) Authorize the Purchasing Administrator to issue a Purchase Order Contract for a period of four years or until \$1.6 million is expended, whichever occurs first; and
- iv) Authorize the City Manager to extend the contract for two optional one-year extensions each not to exceed \$400,000 annually without further City Council approval.

BACKGROUND

Through the normal course of providing customer service, the Water Division requires a variety of parts and materials for its water distribution system. These items include fittings, valves, corporation stops, couplings, repair clamps, and other related materials.

Over the past several years, PWP has sought to improve its materials management system. As part of this approach, PWP has shifted to the use of long-term fixed-price supply contracts to provide for the acquisition of various parts and materials. These contracts have facilitated a reduction in the amount of on-hand inventory. In addition, the procurement process has been streamlined by eliminating the need to obtain informal quotations, prepare and process purchase requisitions and purchase orders, as well as providing for consolidated billing and payment.

The existing supply contracts expired recently. Consequently, in order to meet the Water Division's continuing need, a specification was prepared.

On January 25, 2001, a Notice Inviting Bids was published in *The Pasadena Journal* and posted on the City's web page. In addition, specifications were sent to five companies. Three bids were received and opened in the City Clerk's Office on February 13, 2001.

The bid proposal consisted of 26 categories of merchandise encompassing over 100 different products. Each merchandise was assigned a weight factor multiplied by the vendor's unit prices. The weight factors were determined by staff to account for purchases of various quantities of each category of materials. The grand total weighted price for each Contractor was determined and is shown below:

<u>Bidders</u>	<u>Grand Total Weighted Price</u>
Marden Susco LLC	\$262,532.55
U.S. Filter Distribution Group	\$283,620.73
Western Water Works Supply Company, Inc....	\$239,657.34

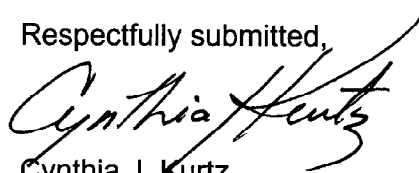
The bid submitted by Western Water Works Supply Company, Inc. was the lowest responsive bid. Based on this, it is recommended that the City Council authorize the issuance of a purchase order contract to Western Water Works Supply Company, Inc. Western Water Works was one of three suppliers of water materials for the last four years. The service that was provided to PWP by Western Water Works during this period has been exceptional. This agreement will make Western Water Works the sole provider of miscellaneous water utility materials for PWP.

Staff's request for an initial contract term of four years is based on the desire to implement further improvements in materials management. Issuing a long-term contract to one supplier will allow PWP to effectively work towards streamlining its warehouse operations by implementing a real time inventory process that will reduce inventory, eliminating unnecessary material redundancies, and introducing bar-coding to improve tracking of materials. The contract may be extended for a period of up to two additional one-year periods, with the approval of the City Manager and without further City Council approval. Approximately sixty days before the end of any contract period the Contractor may request changes in the Bid Schedule. However, any proposed price increase shall not exceed the percentage change of the then applicable Producers Price Index. The Specifications also stipulates that the Contractor agrees to treat the City as its most favored customer. The Contractor represents that all of the prices, warranties, benefits and other terms being provided to the City are equivalent to or better than the terms being offered by the Contractor to any of its current customers. If, during the warranty period, the Contractor enters into an agreement with any other customer providing that customer with more favorable terms, then the contract with the City shall be deemed appropriately amended to provide the same terms to the City. The Contractor shall also promptly provide the City with any refund or credits thereby created.

FISCAL IMPACT

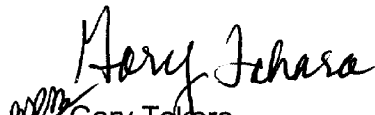
Sufficient funds are available in Water Division's capital and operating budgets.

Respectfully submitted,



Cynthia J. Kurtz
City Manager

Prepared by:



Gary Takara
Civil Engineer
Pasadena Water and Power

Approved by:



Jay Panzica
Interim General Manager
Pasadena Water and Power