



Agenda Report

Date: May 21, 2007

TO: CITY COUNCIL

FROM: CITY MANAGER

SUBJECT: AUTHORIZATION TO ENTER INTO A PURCHASE ORDER CONTRACT WITH HD SUPPLY UTILITIES TO FURNISH AND DELIVER MISCELLANEOUS ELECTRIC UTILITY MATERIALS FOR THE WATER AND POWER DEPARTMENT.

RECOMMENDATION

It is recommended that the City Council:

1. Accept the bid dated April 10, 2007 submitted by HD Supply Utilities to furnish and deliver miscellaneous electric utility materials for the Water and Power Department;
2. Authorize the issuance of a Purchase Order Contract for a period of four years or until \$ 3.4 million is expended, whichever occurs first, with two optional one-year extensions each not to exceed \$852,000 per year.

BACKGROUND

Through the normal course of providing electrical service to its customers, the Water and Power Department (Department) requires a variety of parts and equipment for the electrical distribution system. These items include electrical connectors and seals, switches, adapters, fuses, wire, clamps insulators, sleeves and brackets and many other small miscellaneous materials and parts.

Over the past several years, the Department has improved its material management systems whereby this approach has shifted to the use of long-term, fixed-price supply contracts to provide for the acquisition of various parts and equipment thus facilitating a reduction in the amount of on-hand inventory.

On February 15, 2007, a Notice Inviting Bids was published in *The Pasadena Journal* and posted on the City's web page. In addition, specifications were sent to eleven businesses on the Purchasing Division's vendor list. At the request of several vendors, the Department granted an extension of time to allow them to complete their proposal, meet with the Department's warehouse supervisor and peruse the Department's warehouse facility. At the appointed time of 11 AM on April 10, 2007, one bid was received.

It is recommended that the City Council authorize the issuance of a purchase order contract to HD Supply Utilities. HD Supply Utilities (formerly Southwest Power) has been the Department's largest supplier of electrical supplies for more than eight years. During this period, HD Supply Utilities has provided exceptional service.

Staff's request for an initial contract term of four years is based on the desire to implement further improvement in material management. Issuing a long-term contract to one supplier will allow the Department to streamline its warehouse operation by continuing to implement a just-in-time inventory process that reduces inventory, eliminates unnecessary materials redundancies and proceeds with bar-coding to improve tracking materials. The proposed contract may be extended for a period of up to two additional one-year periods at \$852,000 each.

Approximately sixty days before the end of any contract period the Contractor may request changes in the Bid Schedule, provided that any proposed price increase does not exceed the percentage of the then applicable Producers Price Index (PPI). PPI is an index that focuses on products purchased by manufacturers such as parts and supplies that are used to produce other goods.

The Contractor agrees to treat the City as its most favored customer, in that all of the prices, warranties, benefits and other terms provided to the city are equivalent to or better than the terms being offered by the Contractor to its current customers. The City will also be entitled to any and all other services normally offered by the Contractor (and/or manufacturer through the Contractor) to its customers. If, during the contract period, the Contractor enters into an agreement with any other 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 proposed contract is in compliance with Competitive Bidding and Purchasing Ordinance P.M.C. 4.08 and the rules and regulations promulgated there under.

FISCAL IMPACT

Sufficient funds are available in the Power Division's operating budget. Account numbers are: 3001, Private Property Vaults; 3002, System Expansion; and 3023, Services from Public Right-Of-Way; 3117 Wood Utility Pole Replacement/Reinforcing Program; 4000, Annual Operation and Maintenance Project.

Respectfully submitted,



Cynthia J. Kurtz
City Manager

Prepared by:



Memo Ponce
Management Analyst III
Water and Power Department

Approved by:



Phyllis E. Currie
General Manager
Water and Power Department

Disclosure Pursuant to the
City of Pasadena Taxpayer Protection Amendment of 2000
Pasadena City Charter, Article XVII

Contractor hereby discloses its trustees, directors, partners, officers, and those with more than a 10% equity, participation, or revenue interest in Contractor, as follows.
(If printing, please print legibly Use additional sheets as necessary.)

1. Contractor Name:

Southwest Power, Inc.

2. Name(s) of trustees, directors, partners, officers of Contractor:

David Hughes - Chairman; Director
Thomas I. Morgan - President; Director
J. Stephen Zopf - Vice President
David Bearman - Treasurer; Director
John Z. Pare' - Secretary; General Counsel
Jacqueline K. Clark - Asst. Treasurer; Asst. Secretary
Jeffrey S. Leonard - Asst. Treasurer

3. Names of those with more than a 10% equity, participation or revenue interest in Contractor:

<u>Hughes Supply, Inc.</u>

Prepared by: By: [Signature] 1.16.09
Ken Veneziano
Title: Authorized Signatory
Date: _____

For office use only
Contract No. _____



