

Agenda Report

To: City Council

Date: March 15, 1999

From: City Manager

Subject: Extension of Contracts for Miscellaneous Water Utility Materials

Recommendation

It is recommended that the City Council authorize the General Manager of Pasadena Water and Power (PWP) to extend the following contracts for the supply of miscellaneous water utility materials:

- 1) Contract Number 16,545 with Marden Susco, Inc., in the amount not to exceed \$150,000;
- 2) Contract Number 16,547 with Western Water Works Supply Company in an amount not to exceed \$100,000; and
- 3) Contract Number 16,548 with U. S. Filter Distribution Group in an amount not to exceed \$100,000.

Background

Through the normal course of providing water utility service, the Water Division requires a variety of pipe fittings, valves and other types of materials.

Approximately four years ago, the City shifted to the use of long-term, fixed-price supply contracts to provide for the acquisition of these items. These contracts have reduced the need to maintain large on-hand inventories by providing for almost immediate delivery of material. In addition, the procurement process is streamlined by eliminating the need to obtain quotations, prepare and process purchase requisitions and purchase orders, as well as providing for consolidated billing and payment.

As part of the most recent bid process, undertaken in 1997, vendors were asked to submit fixed price bids for over 105 items most commonly used by the Water Division. These items were consolidated into 24 categories and contracts were issued to each bidder based on the categories for which they bid the lowest.

The following table indicates the vendors and the categories awarded:

Vendor Name	Contract Number	Contract Date	Contract Amount	Categories
Marden Susco, Inc.	16,545	January 13, 1998	\$150,000	1-8, 12, 14, 18, 21, and 23
Familian Pipe and Supply	16,546	May 6, 1998	\$150,000	10, 15, 16, 17, and 22
Western Water Works Supply Company	16,547	February 5, 1998	\$50,000	9, 11, 19, and 24
U. S. Filter Distribution Group	16,548	February 5, 1998	\$50,000	13 and 20

The base term of each contract expired recently with the exception of Contract Number 16,546 with Familian. PWP is in the process of determining whether to renew its contract with Familian. As provided for in the specifications, these contracts may be extended for up to two additional one-year periods. PWP desires to exercise these options. The proposed not-to-exceed amount of the extended contract for Marden Susco is the same as during the base period. It is requested that the not-to-exceed amount for the two contracts with U. S. Filter and Western Water Works be increased from \$50,000 to \$100,000 as a result of an increased need for the categories of items purchased through them.

The specifications provide an opportunity for the vendors to submit proposed price changes at the end of the initial term. Marden Susco has indicated that their prices will remain unchanged. Western Water Works indicated that the prices for items in category 24 increased an average of 11 percent, but the prices for items in categories 9, 11, and 19 will remain unchanged. U.S. Filter increased their prices for all items in categories 13 and 20 by approximately 5½ percent.

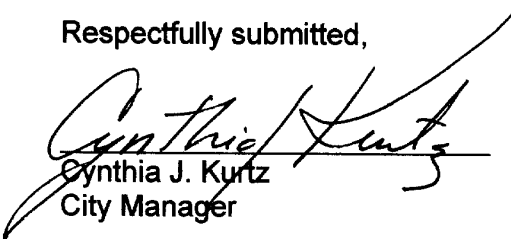
To confirm whether these proposed increases were reasonable, staff requested quotes from each of the other vendors for categories 13, 20, and 24. In each instance the additional quotes were priced higher, thus the proposed price increases by Western Water Works and U. S. Filter did not affect the order of the bidders.

The underlying contracts and all extensions comply with the procurement requirements of the City Charter and the Pasadena Municipal Code.


Fiscal Impact

Sufficient funds are provided for in various Water Division accounts.

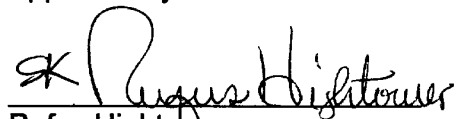
Respectfully submitted,


Cynthia J. Kurtz
City Manager

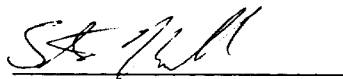
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