



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Scott P. Johnson

SUBJECT: SEE BELOW

DATE: May 4, 2006

Approved

Deana Sabra

Date

5/9/06

**SUBJECT: REPORT ON OPEN PURCHASE ORDERS FOR SUPPLIES,
MATERIALS, EQUIPMENT AND SERVICES FOR FY 2005-2006 #17**

RECOMMENDATION

Approval of award of open purchase orders for supplies, materials, equipment and services for FY 2005-2006 #17 and authorization for the Director of Finance to execute the purchase orders.

OUTCOME

To provide goods and services which support the operational objectives of City departments through a competitive process.

BACKGROUND

This standard memorandum is provided as a cover sheet to an attached list of requests received by the Purchasing Division for open purchase orders. This list indicates the most current requests submitted by various City departments for the establishment of open purchase orders or an increase in the amount of an existing open purchase order for supplies, materials, equipment and services for Fiscal Year 2005-2006. Open purchase orders are used when the amount or nature of the items or services cannot be predicted before they are needed, or when it is necessary that the place from which the items or services are purchased is strategically located.

Pursuant to Sections 4.12.135, 4.12.146 and 4.13.040 of the Municipal Code, competitive quotes or proposals are obtained whenever practicable on all items or services with a payment amount exceeding Five Thousand Dollars (\$5,000). Unless otherwise noted, most advantageous price quotations were used to establish all open purchase orders on the attached list. Formal bidding is not required to establish open purchase orders regardless of the total dollar amount; however, Purchasing does bid some items when feasible. Formal bids are noted on the attachment when applicable.

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Subject: Open Purchase Orders Report #17

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The attachment may also include open purchase orders for contracts subject to the Living Wage Policy adopted by the Council on November 17, 1998. The policy pertains to contracts exceeding \$20,000 and for designated service categories. The Policy also requires a review of the employee work environment (Third Tier Review). The attachment will indicate each purchase that is subject to the Living Wage and any additional information used by staff in making the recommendation.

ANALYSIS

All open purchase orders, which are expected to have an accumulative total of purchases exceeding \$100,000 during the fiscal year, are presented for Council approval. A list of the new or increased open purchase orders is attached. The attached list includes brief explanatory comments on the items and services.

COORDINATION

Each purchase order request on the attached list has been coordinated with the City Attorney's Office; City Manager's Budget Office and the requesting City department.

ALTERNATIVE

Not applicable.

PUBLIC OUTREACH

All purchase order requests, which require solicitation of quotations or bids, are advertised on the City's Internet site.

CEQA

See attachment for CEQA determinations.


Scott P. Johnson
Director, Finance

For questions, please contact Walter C. Rossmann, Chief Purchasing Officer, at (408) 535-7051.

ITEMS/SERVICES DEPARTMENT	RECOMMENDED VENDOR/ LOCATION	REQUESTED AWARD	PRIOR BALANCE	SOURCE OF FUNDING AND BUDGET PAGE
Fuel for the Department of General Services	Valley Oil Company Mountain View, CA	\$1,297,763.	\$3,013,375	Vehicle Maintenance and Operations Fund 552, Appn 0083 2005-2006 Adopted Operating Budget, Page XI-80 2004-2005 Annual Report, Page III-32
	Coast Oil Company San Jose, CA	\$14,950.	\$49,964.	
	Western States Oil Company San Jose, CA	\$50,697.	\$468,375.	

The additional encumbrance of \$1,363,410.5 to the existing purchase orders of \$3, 531,714.50 is required due to the continued increase in fuel prices over the last months. This requirement is competitively quoted on a weekly basis pursuant to Council Resolution #67770. OEA: N/A, CEQA: Not a project. Coast implication: General Principles#2 We must focus on protecting our vital core city services.” Desired Outcome: To keep City operated vehicles such as Public Safety, Fire, and Streets and Traffic able to respond to our citizens needs.

Purchase and application of polymer modified asphalt sealer for the Department of Transportation’s Street Maintenance Program	Reed & Graham, Inc. San Jose, CA	\$544,320	\$0	Fund – 465, Appn 6123 Street Maintenance 2005-2006 Adopted Capital Budget Page V-1060
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Establish an open purchase order in the amount of \$544,320 for the term beginning May 24, 2006 through May 23, 2007. This open Service Order provides for the purchase and application of polymer modified asphalt sealer for Department of Transportation operations. This requirement was competitively quoted; Reed & Graham, Inc. had the lowest overall cost. Office of Equality Assurance: Living Wage and Prevailing Wage where Prevailing Wage is higher. CEQA: Exempt PP-04-041. Cost Implication: General Principles #2, “We must focus on protecting our vital core city services.” Desired Outcome: Support Transportation City Service Area goal to Preserve and Improve Transportation Assets by maintaining City Roadways.

ITEMS/SERVICES DEPARTMENT	RECOMMENDED VENDOR/ LOCATION	REQUESTED AWARD	PRIOR BALANCE	SOURCE OF FUNDING AND BUDGET PAGE
Herbicides, insecticides and fertilizers for the Department of General Services	Target Specialty Products San Jose, CA	\$70,000.	\$200,000.	Fund 551 , Appn 0492 2005-2006 Adopted Operating Budget, Page XI-75
<p>The additional encumbrance of \$70,000.00 to the existing purchase orders of \$200,000 is required due for an increased application of fertilizer and San Jose Park Mix grass seed and a wide variety of herbicides needed due to the unseasonable wet weather that has resulted in the increased use of this product. This requirement was competitively quoted in 2005. Target Specialty submitted the lowest quote. OEA: N/A, CEQA: Not a project. Coast implication: General Principles#2 We must focus on protecting our vital core city services.” Desired Outcome: The ongoing maintenance of all parks and City of San Jose properties.</p>				
Rental of Asphalt grinders for the Department of Transportation Street Repair Program	FMG, Co., Inc. Santa Clara, CA	\$198,400	\$0	Fund – 465, Appn 6123 Street Maintenance 2005-2006 Adopted Capital Budget Page V-1060
<p>Establish an open purchase order in the amount of \$198,400 for the term beginning May 24, 2006 through May 23, 2007. This open service order provides for the rental of an asphalt grinder including occasional operation of equipment for Department of Transportation operations. Exercising the first of two one-year options to renew. OEA: Living Wage and Prevailing Wage where Prevailing Wage is higher. CEQA: Exempt PP-04-039. Cost Implication: General Principles #2, “We must focus on protecting our vital core city services.” Desired Outcome: Support Transportation City Service Area goal to Preserve and Improve Transportation Assets by maintaining City Roadways.</p>				

ITEMS/SERVICES DEPARTMENT	RECOMMENDED VENDOR/ LOCATION	REQUESTED AWARD	PRIOR BALANCE	SOURCE OF FUNDING AND BUDGET PAGE
Purchase of seal coat aggregate for the Department of Transportation's Street Maintenance Program	Granite Rock Company Watsonville, CA	\$159,250	\$0	Fund – 465, Appn 6123 Street Maintenance 2005-2006 Adopted Capital Budget Page V-1060

Establish an open purchase order in the amount of \$159,250 for the term beginning May 24, 2006 through May 23, 2007. This open Service Order provides for the purchase of seal coat aggregate for Department of Transportation operations. This requirement was competitively quoted; Granite Rock Company submitted the only responsive quote. Office of Equality Assurance: Not Applicable. CEQA: Exempt PP-04-041. Cost Implication: General Principles #2, "We must focus on protecting our vital core city services." Desired Outcome: Support Transportation City Service Area goal to Preserve and Improve Transportation Assets by maintaining City Roadways.