



WESTMINSTER
COLORADO

CITY COUNCIL MEETING

JULY 08, 2024 at 7:00 PM

- E. Authorize the Purchase of Parts and Materials in Fiscal Years 2024, 2025, and 2026 for Maintenance and Repair in Public Works and Utilities Department



Agenda Memorandum

Agenda Item – 8.E.

City Council Meeting
July 8, 2024

Strategic Priority 5: Resilient Infrastructure

Maintain and invest in resilient infrastructure that creates the highest return for safety, community connectivity, enjoyment of life, and local economic success

Subject: Authorize the Purchase of Parts and Materials in Fiscal Years 2024, 2025, and 2026 for Maintenance and Repair in Public Works and Utilities Department

Prepared By: Roger Harshman, Utilities Water Distribution Superintendent
Andrea Song, Utilities Manager

Recommended City Council Action:

1. Authorize expenditures that exceed \$250,000 with each of four vendors including Core & Main, Dana Kepner, Ferguson Waterworks, and Denver Winwater for the purchase of parts and materials in fiscal years 2024, 2025, and 2026 for a total combined expenditure across all four vendors in an amount not to exceed \$1,000,000 in 2024, an amount not to exceed \$1,100,000 in 2025, and an amount not to exceed \$1,210,000 in 2026, with expenditures in 2025 and 2026 subject to future budget approval by City Council.

Summary Statement:

- Westminster Municipal Code requires authorization by City Council for sole source purchases over \$50,000 and cumulative purchases over \$250,000.
- The Public Works and Utilities Department (PWU) consistently has multiple vendors bid annually on several different bid lots, with one or more vendors submitting pricing that exceeds the \$250,000 threshold. Different parts and materials are competitively bid through different lots to obtain the best possible price while giving each vendor the ability to win a portion of the overall bid.
- Typical parts to be purchased pipe fittings and restraints, water valves, clamps, pipe material, fire hydrants and hydrant parts, water meters and meter parts, and manhole covers and manhole rings.

- In the past two years, most parts and materials have significantly increased in cost.
- Staff will continue to obtain annual bids to ensure that the City is purchasing parts and materials at the best possible price.
- Sufficient funds for 2024 are budgeted and available in PWU's operating budget, with future expenditures in 2025 and 2026 subject to future budget approval by City Council.

Fiscal Impact:

Not to exceed \$1,000,000 in 2024, \$1,100,000 in 2025, and \$1,210,000 in 2026 in expenditures.

Source of Funds:

- Utility Fund: PWU Operating Budgets
- Stormwater Fund: PWU Operating Budget
- General Fund: PWU Operating Budget
- Utility Capital Improvement Funds: PWU Capital Improvement Budgets
- Stormwater Capital Improvement Funds: PWU Capital Improvement Budgets
- General Capital Improvement Funds: PWU Capital Improvement Budgets

Policy Issue(s):

- Should City Council authorize expenditures that exceed \$250,000 with each of four vendors including Core & Main, Dana Kepner, Ferguson Waterworks, and Denver Winwater for the purchase of parts and materials in fiscal years 2024, 2025, and 2026 for a total combined expenditure across all four vendors in an amount not to exceed \$1,000,000 in 2024, an amount not to exceed \$1,100,000 in 2025, and an amount not to exceed \$1,210,000 in 2026?

Alternative(s):

City Council could choose not to approve the recommendation. Staff does not recommend this alternative. Due to the nationwide supply issues and volatile market, the cost of parts and materials has significantly increased. This has forced vendors to limit their guaranteed bid pricing for only 30 days, reducing the window of opportunity for Staff to take advantage of current pricing. The purchase of necessary parts and materials will allow Staff to address planned and unforeseen needs during the second half of 2024 and to have sufficient stock in advance of 2025's peak construction season, when prices will likely be higher. Additionally, the four vendors consistently provide annual bids representing the lowest cost while meeting the City's technical specifications, and are expected to do so through 2025 and into 2026. It is important that parts can be ordered quickly after bid approval with the current volatile market and price fluctuation.

Background Information:

The requested annual spending authority for PWU provides the ability for Staff to promptly purchase parts and materials required to maintain, repair, and replace critical infrastructure.

There are several teams in PWU including Water Distribution, Wastewater Collections, Reclaimed Water Distribution, Stormwater Collection, and Streets that have purchased or potentially could purchase through these same vendors.

Typical parts to be purchased in any given year include, but are not limited to, pipe fittings and restraints, water valves, clamps, pipe material, fire hydrants and hydrant parts, water meters and meter parts, and manhole covers and manhole rings.

Staff is seeking the authorization of City Council to ensure the ability of the City to purchase parts and materials at the best possible price and in a timely manner through 2024, 2025 and 2026. PWU has followed proper bidding procedures and sufficient funds are budgeted and available in PWU's 2024 operating budget, with future expenditures in 2025 and 2026 subject to future budget approval by City Council.

The authorization to purchase these parts and materials helps the City achieve the Strategic Priority of Resilient Infrastructure by ensuring that repair and replacement of the City's infrastructure is accomplished when needed.

Respectfully submitted,

A handwritten signature in cursive script that reads "Mark A. Freitag". The ink is dark and the signature is fluid.

Mark A. Freitag
City Manager