



City Council Report

Date: November 17, 2008
To: City Council
Through: Bryan Raines, Deputy City Manager
From: John Albin, Materials & Supply Administrator
Subject: Two-Year Renewal of the Supply Contract for Meter Set Assemblies for Warehouse Inventory as Requested by the Utilities Department, Gas Division (Mesa Contract #2005181)
"Citywide" contract

Purpose and Recommendation

Council is requested to approve a Two-Year Renewal of the Supply Contract for Meter Set Assemblies as recommended. Renewal pricing was obtained and evaluated by the Procurement Services Department.

The Procurement Services Department recommends authorizing a two-year renewal contract to R.W. Lyall & Co. Inc. for annual purchases estimated at \$117,506.19, including applicable use tax.

Background/Discussion

These meter set assemblies will be utilized by staff in the Utilities Department, Gas Division to establish new residential gas service. Meter set assemblies substantially decrease the time required to construct and activate residential gas services, thereby reducing labor costs and increasing customer satisfaction.

Due to increases in the cost of raw materials, the vendor requested and received two 5% price increases; one in July 2007 and one in July 2008. Pricing for this renewal contract includes an additional increase of 4%, to become effective January 1, 2009, making the total increases since 2005 14%. Staff research of the Producer Price Index (PPI) shows that the cost of components for this purchase have risen nearly 39% since 2005, indicating that the vendor's current pricing is still very competitive.

One responsive bid was received in November 2005.

Alternatives

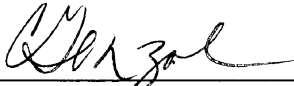
Council may choose not to renew this contract and new bids be obtained.

Fiscal Impact

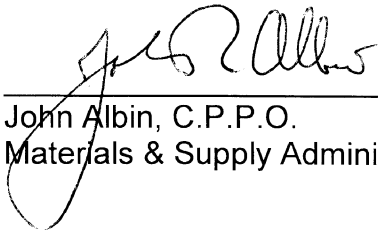
The total amount of \$117,506.19 is available in the Materials & Supply Division's budget for inventory purchases.

Coordinated With:

Utilities Department, Gas Division
Materials & Supply Division



Cyndi Gonzales,
Management Assistant II



John Albin, C.P.P.O.
Materials & Supply Administrator



Bryan Raines,
Deputy City Manager

