



AGENDA MEMORANDUM

Action Item for the City Council Meeting December 14, 2021

DATE: December 14, 2021

TO: Peter Zanoni, City Manager

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Supply Agreement for Ductile Iron Pipe Accessories

CAPTION:

Motion authorizing a one-year supply agreement with two one-year option periods, in an amount not to exceed \$127,103.00 and a potential amount not to exceed \$381,309.00 if option periods are exercised, for ductile iron pipe accessories for the City Warehouse with Hajoca Corporation, dba Moore Supply Co., of Corpus Christi, Texas with FY 2022 funding in the amount of \$95,327.28 available in the Stores Fund.

SUMMARY:

This motion authorizes a one-year supply agreement, with two one-year option periods, for the purchase of ductile iron pipe accessories to be stocked by the City Warehouse to distribute on an as-needed basis primarily for the Utilities' Department operational material needs.

BACKGROUND AND FINDINGS:

The Utilities Department uses ductile iron pipe accessories for use on new construction and to maintain existing City water lines. Due to the department's frequent need to purchase these items, a long-term supply agreement will allow the City Warehouse to keep a well-stocked inventory readily available when the department needs it.

PROCUREMENT DETAIL:

The Procurement Division conducted a Request for Bid process to obtain bids to establish a new one-year supply agreement with two additional one-year options. The City received one bid and is recommending the award to Hajoca Corporation, dba Moore Supply Co., of Corpus Christi, Texas.

Prices of ductile iron pipe accessories have fluctuated, and the price difference for the new contract overall is a 40% increase from the previous contract at \$89,804.69 per year versus the new contract pricing at \$126,554.00 per year.

The incumbent, Ferguson Enterprises Inc. of Corpus Christi, originally had a two-year supply agreement, which was terminated August 20, 2021. City staff received an email from Ferguson Enterprises on June 8, 2021, stating that they would not be able to perform under the Agreement due to the manufacturer being unable to provide items under the contract due to force majeure.

ALTERNATIVES:

An alternative to accepting this bid would be for the City Warehouse to continue purchasing these items on an as needed basis, with the possibility of an increased cost per item due to variable market conditions and changes to specific ductile iron pipe accessories bought frequently.

FISCAL IMPACT:

The fiscal impact for Finance Department in FY 2022 is approximately \$95,327.28. The remaining costs of \$31,775.72 will be budgeted through the annual budget process.

FUNDING DETAIL:

Fund:	5010	Stores
Organization/Activity:	40000	Warehouse Stores
Mission Element:	185	Centralized Purchasing System
Project # (CIP Only):	N/A	
Account:	520210	Cost of Goods Sold

RECOMMENDATION:

Staff recommends approval of this motion authorizing a one-year supply agreement, with two one-year option periods with Hajoca Corporation, dba Moore Supply Co., of Corpus Christi, Texas for the City Warehouse as presented.

LIST OF SUPPORTING DOCUMENTS:

Bid Tabulation
Supply Agreement