

Council/Agency Meeting Held: _____	_____ City Clerk's Signature
Deferred/Continued to: _____	
<input type="checkbox"/> Approved <input type="checkbox"/> Conditionally Approved <input type="checkbox"/> Denied	
Council Meeting Date:                      11/7/2005	Department ID Number:              PW 05-074

**CITY OF HUNTINGTON BEACH  
REQUEST FOR CITY COUNCIL ACTION**

**SUBMITTED TO:** HONORABLE MAYOR AND CITY COUNCIL MEMBERS

**SUBMITTED BY:** *Penelope Culbreth Graft*  
PENELOPE CULBRETH-GRAFT, CITY ADMINISTRATOR

**PREPARED BY:** *R. F. Beardsley*  
ROBERT F. BEARDSLEY, PE, DIRECTOR OF PUBLIC WORKS

**SUBJECT:**            **Approve Sole Source Procurement for Large Natural Gas Engines**

Statement of Issue, Funding Source, Recommended Action, Alternative Action(s), Analysis, Environmental Status, Attachment(s)

**Statement of Issue:** Administrative Regulation 229 requires City Council approval for all sole source procurements over \$50,000. The Public Works Utilities Division is requesting approval of sole source procurement for purchase of Waukesha natural gas engines.

**Funding Source:** Funds are budgeted in General Fund Account 10040214.83700, sub ledger 10085502, (\$300,000) and General Fund Account 10040314.83700 (\$1,115,000) for replacement of natural gas engines.

**Recommended Action:** Motion to:  
Approve Sole Source Procurement from Valley Power Systems of Mira Loma, California, for the purchase of Waukesha natural gas engines.

**Alternative Action(s):** Do not approve the sole source procurement and instruct staff on how to proceed. This action may reduce the flexibility of staff in dealing with engine malfunctions, and result in a more costly maintenance program.

**Analysis:** The City has 78 Waukesha brand engines at groundwater wells, booster stations and flood control stations. It is a durable and dependable product that the City has used exclusively for over 40 years. By standardizing to one brand of engine, the Utilities Division can interchange parts and, if necessary, entire engines in emergency situations. This allows for continuity in operation, service and parts. In addition, all Utilities Systems Technicians are trained in the operation and service of Waukesha engines and only need to train on one brand of engine.

**RECEIVED**  
**2005 OCT 26 PM 6:12**  
 CITY CLERK  
 CITY OF  
 HUNTINGTON BEACH

*E-10*

# REQUEST FOR ACTION

MEETING DATE: 11/7/2005

DEPARTMENT ID NUMBER:PW 05-074

Valley Power Systems is the regional supplier of Waukesha engines and has exclusive rights in California to the Waukesha product line. Because of the volume of business the City does with Waukesha, the City Purchasing Division has negotiated a 10% discount on the base price of engines for the City of Huntington Beach.

**Environmental Status:** Not applicable.

**Attachment(s):**

City Clerk's Page Number	No.	Description
	1.	Sole Source Justification

E-10.2

E-10.3

**ATTACHMENT #1**



## SOLE-SOURCE JUSTIFICATION

For use on all goods and services acquisitions.

This justification document consists of two (2) pages. All information must be provided and all questions must be answered. The "Required Approvals" section must include a date for each signature, as appropriate for the transaction.

Requesting Department Information			
<b>Requestor Name:</b> Jay Kleinheinz	<b>Division Manager:</b> Howard Johnson (Type names. Do not sign.)		
<b>Department:</b> Public Works – Utilities Division	<b>Department Head:</b> Robert F. Beardsley, P.E. (Type names. Do not sign. Must be same as signature below.)		
Department Contact Information			
<b>Contact Name:</b> Jay Kleinheinz	<b>Street Address:</b> 19001 Huntington Street		
<b>Telephone:</b> ( 714 ) 374-1512	<b>Shipping Address:</b> same		
<b>FAX:</b> ( )			
<b>Cellular phone:</b> 714-334-9773			
Required Contact Information			
<b>Contractor/Supplier Name:</b> Valley Power Systems, Inc.			
<b>Contractor/Supplier Address:</b> 11300 Inland Avenue, Mira Loma, CA 91752			
<b>Original Contract Amount:*</b> \$ (*Includes original contract and previously approved amendments)	<b>Amendment Amount:*</b> (if applicable) \$ (*Current amendment only)	<b>New Contract Amount: *</b> \$ 1,415,000.00 (*Includes original contract and all amendments, including current amendment)	
Provide a brief description of the acquisition, including all goods and/or services the contractor will provide:			
Natural gas Waukesha brand engines for flood control stations. \$300,000 budgeted under 10040214.83700 subledger 10085502 and \$1,115,000 budgeted under 10040314.83700.			
Contract Type and Term			
<b>Contract Type:</b> Select One: <input checked="" type="checkbox"/> Goods <input type="checkbox"/> Service <input type="checkbox"/> Goods & Services  <i>E-10.4</i>	<b>Contract Term:</b> Begin: _____ End: _____	<b>What account number will be used to purchase</b> Bus Unit 10040314 and 10040214 (SL 10085502) Obj. Code 83700	
Required Approvals			
<b>Department Head</b> <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Denied <i>RFB</i> Executive Director/Date 10/17/05	<b>Central Services Manager</b> <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Denied <i>[Signature]</i> Central Services Manager/Date	<b>Administrative Services Director.</b> <input type="checkbox"/> Approved <input type="checkbox"/> Denied <i>[Signature]</i> Adm. Services Dir. /Date	<b>Assistant City Administrator</b> <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Denied <i>[Signature]</i> 10/18/05 Assist. City Adm./Date (Transactions exceeding \$50,000 must be council approved)

Remit completed form to: Central Services Division  
2000 Main St, Huntington Beach, CA 92648

Complete responses must be provided for all of the following items.

**A. THE GOOD/SERVICE REQUESTED IS RESTRICTED TO ONE SUPPLIER FOR THE REASONS STATED BELOW:**

**1. Why is the acquisition restricted to this goods/services/supplier?**

(Explain why the acquisition cannot be competitively bid.)

Per the attached letter, Valley Power Systems, Inc. is the distributor for Waukesha engines in California and the City utilized this brand at its groundwater well, reservoir booster and flood control station facilities.

**2. Provide the background of events leading to this acquisition.**

The natural gas engines used for groundwater wells, booster stations and flood control stations are all Waukesha brand. This allows for continuity in operation, service and parts. In addition, all Utilities System Technicians are trained in the operations and service of Waukesha engines.

**3. Describe the uniqueness of the acquisition (why was the good/service/supplier chosen?)**

The City owns and operates 78 Waukesha brand engines at the aforementioned facilities. It is a durable, well-performing product that the City has utilized for over 40 years.

**4. What are the consequences of not purchasing the goods/services or contracting with the proposed supplier?**

Please see the attached letter from Waukesha Engine. Valley Power Systems, Inc. has exclusive rights in California to the Waukesha product line.

**5. What market research was conducted to substantiate no competition, including evaluation of other items considered?**

(Provide a narrative of your efforts to identify other similar or appropriate goods/services, including a summary of how the department concluded that such alternatives are either inappropriate or unavailable. The names and addresses of suppliers contacted and the reasons for not considering them must be included OR an explanation of why the survey or effort to identify other goods/services was not performed.)

Please see the attached letter from Waukesha Engine. Valley Power Systems, Inc. has exclusive rights in California to the Waukesha product line.

**B. PRICE ANALYSIS**

**1. How was the price offered determined to be fair and reasonable?**

(Explain what the basis was for comparison and include cost analyses as applicable.)

Because of the volume of business that the City has done with Waukesha, we receive 10% discount off list price as a minimum. Please see the attached letter.

**2. Describe any cost savings realized or costs avoided by acquiring the goods/services from this supplier.**

By utilizing one standard brand of engine, the Utilities Division can interchange parts and swap out engines in emergency situations. In addition, staff only needs to train on one brand of engine.

E-10.5



September 21, 2005

To Whom It May Concern:

Subject: Waukesha Engine Authorized Distributor

Dear Sir/Madam,

Please accept this letter confirming Valley Power Systems as the Waukesha Engine Distributor for entire state of California.

As such they are authorized to sell new equipment, genuine Waukesha Engine repair and service parts, as well provide service, repair and warranty work for Waukesha Engine within that territory.

Sincerely yours

A handwritten signature in black ink, appearing to read "David A. Hanson".

David A. Hanson  
Director Channel Development  
Waukesha Engine, Dresser Inc.

EC: Kevin Orchard

E-10.6



# Valley

POWER SYSTEMS, INC.

11300 Inland Ave. Mira Loma, Ca 91752  
Main: (951) 681-9283, (800) 439-7595  
Fax: (951) 681-6670

October 12, 2005

**Huntington Beach Water Department**  
19061 Huntington St.  
Huntington Beach, CA 92648  
(714) 374-1512  
FAX (714) 847-1067

**ATTENTION: Mr. Jay Kleinheinz**

**REFERENCE: Waukesha Natural Gas Engine Pricing**

Dear Jay:

The City of Huntington Beach has been a valued customer to Waukesha Engine for many years. Through the years of continued business with Waukesha Engine and the local distributor the City of Huntington Beach has earned preferred pricing on Waukesha Engine Pricing. Preferred pricing gives the customer 10% off list price as a minimum. Multiple engine orders will be given even a greater discount based on the number of the units and the model of engines ordered. Thank you for the past business and the opportunity to quote you on your future needs.

Sincerely,

James Myers  
Prime Power Sales

E-10.7

[www.valleydda.com](http://www.valleydda.com)

<b>Irvine Branch</b> 17192 Daimler St. Irvine, CA 92614 Ph: (949) 221-8642 Fax: (949) 221-8185	<b>Bakersfield Branch</b> 4000 Rosedale Hwy. Bakersfield, CA 93308 Ph: (661) 325-9001 Fax: (661) 323-2986	<b>Fresno Branch</b> 2935 S. Orange Ave. Fresno, CA 93725 Ph: (559) 486-6900 Fax: (559) 486-2675	<b>Mira Loma Branch</b> 11300 Inland Ave. Mira Loma, CA 91752 Ph: (909) 681-9283 Fax: (909) 681-6670	<b>San Diego Branch</b> 5725 Eastgate Dr. San Diego, CA 92121 Ph: (619) 587-8524 Fax: (619) 587-4664	<b>Valley Power Services, Inc.</b> 13624 E. Nelson Ave. Industry, CA 91746 Ph: (626) 330-2210 Fax: (626) 330-0411	<b>Northern Lights/Lugger</b> 4420 14 <sup>th</sup> Ave. NW Seattle, WA 98107 Ph: (206) 789-3880 Fax: (206) 782-5455
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Distributor for: Detroit Diesel • Deutz Corporation • Allison Transmission • Electro-Motive • Volvo Penta • Northern Lights/Lugger • GE Jenbacher

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