

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: PRESENTER: JASON NUTT, DIRECTOR
TRANSPORTATION AND PUBLIC WORKS DEPARTMENT
AUTHOR: STEVE KROECK, DEPUTY DIRECTOR – FIELD
SERVICES, TRANSPORTATION AND PUBLIC WORKS
SUBJECT: AUTHORIZATION TO PAY UNPAID FISCAL YEAR 2016-17
ASPHALT PURCHASE INVOICES

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Finance Department and Transportation and Public Works Department that the Council, by resolution, authorize the payment of unpaid asphalt purchase invoices that occurred between January through May 2017 in the amounts of \$29,298.30 to Syar Industries, Incorporated, and \$54,055.93 to Bodean Company, Incorporated.

EXECUTIVE SUMMARY

Over the course of FY 2016-17, the City of Santa Rosa's procurement and contract management processes were re-evaluated and new processes put into place. These changes were not fully understood by field staff and resulted in unauthorized purchases which caused several invoices to remain unpaid at fiscal year end. City Council authorization is requested for payment of the outstanding invoices.

BACKGROUND

The Streets Section of the Transportation and Public Works Department uses approximately 5,000 to 6,000 tons of asphalt annually for its various paving operations including pothole patching, sidewalk patching, utility trench patching, and small resurfacing projects.

Typically, asphalt is purchased on a daily basis from two local plants, Bodean Company, Incorporated, and/or Syar Industries, Incorporated.

The historical method for purchasing materials from these vendors has been through Blanket Purchase Order (BPO). Staff recently determined that BPOs are not the

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appropriate vehicle for these purchases. In place of BPOs, General Services Agreements were prepared for each of the suppliers, and the two contracts were approved by the Council on July 11, 2017, each for a one year renewable term.

Since approval of the General Services Agreements, staff has learned that there are outstanding unpaid invoices for asphalt delivered between January 2017, when it was determined that the historical use of BPOs was not proper, and May 2017, when deliveries were suspended. In the interest of transparency, staff requests Council approval for payment of the outstanding invoices.

PRIOR CITY COUNCIL REVIEW

Not applicable.

ANALYSIS

Between January and May 2017, Street Maintenance staff purchased asphalt products from Bodean Company, Incorporated and Syar Industries, Incorporated under historical purchasing practices outside the current authorized purchasing practices resulting in an inability for Accounts Payable to issue payment.

Proper contracting procedures are now in place, and General Service Agreements have been approved by the Council for both BoDean Company and Syar Industries, Incorporated, for asphalt purchases going forward. (Purchases from BoDean Company, however, are currently suspended until such time that the Company's property is in full compliance with the City Code.)

Invoices from deliveries received during the gap period between January and May 2017, remain unpaid. The unpaid invoices total \$54,055.93 for deliveries received from Bodean Company, and \$29,298.30 for deliveries received from Syar Industries, Incorporated. Staff requests authorization for payment of the outstanding invoices.

FISCAL IMPACT

Funding for these expenditures is included in the FY 2016-17 budget within the Transportation and Public Works Department. There will be no additional impact to the General Fund.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

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BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 - Memo - Ratification of unpaid invoices (Bodean)
- Attachment 2 - Memo - Ratification of unpaid invoices (Syr)
- Resolution

CONTACT

Jason Nutt, Director, Transportation and Public Works