

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL  
FROM: DEBORAH LAUCHNER, CHIEF FINANCIAL OFFICER  
SEAN MCGLYNN, CITY MANAGER  
SUBJECT: RATIFICATION OF PURCHASE ORDERS AND APPROVAL OF  
PAYMENTS TO PUBLIC RESTROOM COMPANY, AND WAIVER  
OF DEFECTS IN THE ASSOCIATED PURCHASING PROCESS

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the Finance Department and City Manager that the Council, by resolution, ratify the Purchase Order and approve the associated payments made to Public Restroom Company for the purchase and installation of a turn-key public restroom and storage room, and waive any defects in that purchasing process.

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EXECUTIVE SUMMARY

In January 2016, the staff issued a Purchase Order to Public Restroom Company for purchase and installation of a turn-key public restroom and storage room to be located at 171 Santa Rosa Avenue. The work was completed to the satisfaction of the City in 2016 and the contractor received payment from the City for that work in 2016.

Under applicable City policies, the purchase and installation of a building should not have been processed through a purchase order. Rather, an approved cooperative purchase, public works contract or a design build contract, with appropriate approvals, competitive process, insurance, guarantee and bonding, should have been used.

The Finance Department and City Manager recommend that the Council ratify the Purchase Order, approve all associated payments, and waive any defects in the purchasing process utilized for this project. This action is being requested to retroactively approve the payments the City previously made to the contractor for the work the Contractor completed on this project.

BACKGROUND

Not applicable

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## PRIOR CITY COUNCIL REVIEW

Not applicable

## ANALYSIS

In January 2016, the staff issued Purchase Order No. 149552, for \$187,045, to the Public Restroom Company for purchase and installation of a turn-key public restroom and storage room to be located at 171 Santa Rosa Avenue. In March, 2016 the Purchase Order was amended to provide an additional \$1,348.00 to reflect a change order for 2 baby changing stations. In total the Contractor was paid \$188,393.00.

Under applicable City policies, the purchase and installation of a building should not have been processed through a purchase order. Rather, an approved cooperative purchase, public works contract (pursuant to City Code Chapter 3-44) or a design build contract (pursuant to City Code Chapter 3-60), with an appropriate competitive process, insurance, guarantee and bonding, should have been used.

Further, the Purchase Order issued in this case exceeded staff's approval authority under the applicable City Code sections.

Moreover, the use of a Purchase Order was not appropriately reviewed and approved by the City Manager, City Council, City Attorney or Risk Manager.

At this juncture, the restroom has been installed and the contractor paid. Although the appropriate City contracting process was not followed, the payments made by the City to the contractor were for completion of the restroom project, the project itself had been appropriately vetted and approved, and the project resulted in a benefit to the City of Santa Rosa. The Contractor completed the project as required and does not appear to have been aware of any errors made by staff in processing. To avoid any potential challenge to the payments previously made, staff recommends that Council ratify the Purchase Order, approve all associated payments, and waive any defects in the purchasing process utilized for this project.

The City Manager is working to ensure that the types of contracting and purchasing errors that occurred in connection with this project do not occur in the future. The City has retained Management Partners to help create clearer and improved contracting and purchasing processes, and key City personnel involved in those processes will receive training regarding these processes.

## FISCAL IMPACT

The City previously paid the contractor for its work on this project. The City will not incur any additional expense by retroactively approving the Purchase Order for the work and

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associated payments the contractor, or by waiving the defects in the purchasing processes used for this project.

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.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable

NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution

CONTACT

Deborah Lauchner, Chief Financial Officer, [dlauchner@srcity.org](mailto:dlauchner@srcity.org), x3089  
Gloria Hurtado, Deputy City Manager, [ghurtado@srcity.org](mailto:ghurtado@srcity.org), x3021