

CITY OF SANTA ROSA
BOARD OF PUBLIC UTILITIES

TO: CHAIR AND BOARD MEMBERS
FROM: JENNIFER MYLES, PURCHASING AGENT
SUBJECT: APPROVAL OF WAIVER OF BID AND ISSUANCE OF ONE YEAR
BLANKET PURCHASE ORDER TO CUMMINS, INC. FOR
PURCHASE OF MISCELLANEOUS PARTS AND TECHNICAL
SERVICES

AGENDA ACTION: MOTION

RECOMMENDATION

It is recommended by Santa Rosa Water and the Finance Department that the Board of Public Utilities, by motion, approve a waiver of bid and issuance of a one-year Blanket Purchase Order (BPO) to Cummins, Inc., of Irvine, California, for the purchase of miscellaneous parts and technical service for the combined heat and power engines at the Laguna Treatment Plant (LTP) for a total amount not to exceed \$500,000.

EXECUTIVE SUMMARY

All replacement parts required to maintain the four (4) combined heat and power engines at LTP are proprietary to Cummins, Inc., which is the only factory-authorized vendor to provide on-site technical services. This blanket purchase order facilitates procurement of parts and services to perform routine maintenance of the engines.

BACKGROUND

LTP operates four (4) combined heat and power (CHP) engine generator sets. The CHP system provides power to LTP during normal power conditions, standby power when utility power is not available, and provides heat for the digestion process at LTP. Each engine generator can operate on either digester gas or natural gas. Under normal operating conditions, engine generators are operated to produce power using all available digester gas, supplemented with natural gas.

The Cummins engine generator sets were purchased and installed under contract 2010-022, File 2010-0026 and awarded by the Board of Public Utilities (BPU) on November 18, 2010. Two (2) of the four (4) engines are due for the factory-recommended 24,000-hour service and all Gensets require continued scheduled and unscheduled maintenance.

APPROVAL OF WAIVER OF BID AND ISSUANCE OF BPO TO CUMMINS INC.
PAGE 2 OF 3

On August 19, 2021, the Assistant City Manager approved a waiver of competitive process and issuance of sole source Blanket Purchase Order (BPO) 165147 with Cummins for parts and technical service. BPO 165147 expired November 2023. BPO 170889 was approved and issued on December 8, 2024, by the Board of Public Utilities. BPO 170889 expired at the end of December 2025. A new blanket purchase order must be issued to continue service and repair for the Cummins engines.

PRIOR BOARD OF PUBLIC UTILITIES REVIEW

The Board of Public Utilities approved BPO 170889 on December 8, 2024.

ANALYSIS

Cummins, Inc. is the original equipment manufacturer (OEM) of the CHP engine generator sets at LTP and the sole authorized supplier of parts, embedded software, diagnostics, and manufacturer-supported technical service for the Cummins engine generators. Since initial commissioning, the City has consistently maintained these engines using Cummins OEM parts to meet or exceed Cummins engineering and performance standards and to protect the reliability and longevity of the equipment. Although the engines are no longer under the original warranty, Cummins OEM parts remain individually warrantied when installed to specification, whereas aftermarket parts are not supported or warrantied by Cummins and introduce increased risk of compatibility issues, premature failures, and potential damage to critical systems operating under continuous-duty conditions. In addition, many required components are proprietary and not available through aftermarket suppliers, and where aftermarket "OEM-equivalent" parts exist, pricing is often comparable with no cost savings and reduced technical support. Cummins also provides essential proprietary services, including InSite™, InPower Pro™, engine software, fault diagnostics, and factory technical support, which are required for proper maintenance and troubleshooting and are not available through non-authorized vendors. For these reasons, staff has determined that issuance of a sole source BPO to Cummins, Inc. in an amount not to exceed \$500,000 is in the best interest of the City to ensure safe, reliable, and cost-effective operation of the CHP system.

With this purchase order, Cummins is offering to provide the City access to CUMPAS, the on-line Cummins parts ordering tool at Transit Dealer price. Transit Dealer pricing averages approximately 24% percent below fleet pricing, which is the alternative pricing structure absent the BPO.

FISCAL IMPACT

Funds required for this operational expense have been included in the fiscal year 2025-2026 budget for JL Key 86548. As a regular ongoing operational need, funds for this type of expenditure will continue to be included annually in the proposed budget for the Water Department, as approved by Council.

ENVIRONMENTAL IMPACT

The proposed action is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301(b) (Class 1 – Existing Facilities), which exempts the operation, repair, maintenance, or minor alteration of existing public facilities involving negligible or no expansion of existing or former use.

In addition, the proposed action is exempt under CEQA Guidelines Section 15061(b)(3) (Common Sense Exemption), as it can be seen with certainty that approval of a sole source Blanket Purchase Order for routine maintenance, repair, and replacement of parts for existing combined heat and power (CHP) engine generator sets at the Laguna Treatment Plant has no possibility of resulting in a significant effect on the environment.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – Pricing Update from Cummins, Inc.

PRESENTER

Douglas Williams, Acting Wastewater Maintenance Superintendent