



Legislation Text

File #: 18-257, **Version:** 1

Report Prepared by: Julio Márquez, Purchasing Supervisor, Purchasing Division

SUBJECT: Sale of Surplus Orion SE 2 Endpoints to City of Lathrop

REPORT IN BRIEF

Approves the sale of surplus Orion SE 2 Endpoints to the City of Lathrop

RECOMMENDATION

City Council - Adopt a motion:

- A. Approving **Resolution 2018-37**, a Resolution of the City Council of the City of Merced deeming certain equipment of the City to be “surplus” property and authorizing its sale to the City of Lathrop; and
- B. Approving the surplus equipment purchase agreement with City of Lathrop to sell the one thousand four hundred and forty (1440) surplus Orion® SE 2 Endpoints; and
- C. Authorizing the City Manager or Assistant City Manager to execute necessary documents.

ALTERNATIVES

- 1. Approve as recommended by staff; or
- 2. Deny; or
- 3. Continue to a future council meeting, to be determined by motion of the City Council.

AUTHORITY

California Government Code 37350
City of Merced Charter, Article IV, Section 405
Merced Municipal Code Section 3.04.370 Paragraph C

CITY COUNCIL PRIORITIES

As provided for in the 2017-18 Adopted Budget

DISCUSSION

The City of Merced Purchasing Division is currently storing one thousand four hundred and forty (1440) Orion® SE 2 Endpoints in its surplus inventory. These units were purchased under an emergency purchase order subsequently approved by City Council with Resolution 2015-18 on May 13, 2015. This was to address Governor Jerry Brown’s mandate of April 1, 2015 regarding water conservation during the most recent drought. These endpoints became obsolete after the City was awarded \$2.5 million under the California Water-Energy Grant Program which required the use of a

different endpoint model for the City's standard water meter registers.

In reviewing the options to surplus the endpoints the following was taken into consideration:

1. Returning these items to the manufacturer for credit would involve a 35% restocking fee.
2. Selling the endpoints at auction would not produce a decent rate of return since these are specialty items for which there is a limited market.

Therefore, in order to achieve the best financial outcome an agreement has been reached with the City of Lathrop to purchase the aforesaid endpoints "as is" from the City of Merced in the amount of \$110,207.16. This amount includes a unit price of \$70.70, plus sales tax of 8.25%, which is a 30% reduction of the original purchase price of \$101.00 per unit. The manufacturer offers a 10 year warranty on the endpoints and 3 years have now lapsed. Within the parameters of this agreement, the City of Lathrop (Buyer) agrees to make payment to the City of Merced (Seller) by June 30, 2018.

IMPACT ON CITY RESOURCES

No appropriation of funds is needed.

ATTACHMENTS

1. Resolution 2018-37
2. Surplus Equipment Purchase Agreement