

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:

Prepared on: 5/13/03
Department Name: PW/Laguna Sanitation District
Department No.: 054
Agenda Date: 6/3/03
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:
Document File Name:

TO: Board of Directors, Laguna County Sanitation District

FROM: Phillip M. Demery
Director, Public Works Department

STAFF CONTACT: Mark A. Schleich, Deputy Director
Martin J. Wilder, District Manager x8755

SUBJECT: Change Order to Purchase Order Contract with Zenon Environmental Corporation -
4th and 5th Supervisorial District

Recommendation(s):

That the Board of Directors:

- A. Authorize the Purchasing Agent to amend Contract No. 043973 with Zenon Environmental Corporation to include sales tax on the purchase of the ZenoGem Membrane Bioreactor at the Laguna County Sanitation District wastewater reclamation plant.

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with Goal No. 3: A strong, professionally managed county organization and Goal No. 4: A community that is economically vital and sustainable.

Executive Summary and Discussion:

The board authorized the Purchasing Agent, pursuant to County Code Section 2-39, to execute a purchase order contract in the amount of \$1,600,000.00 with Zenon Environmental Corporation of Oakville, Ontario, Canada to procure a ZenoGem Membrane Bioreactor on April 13, 1999. This equipment was purchased for the TDS Reduction and Recycled Water project and is now installed and operating. However, the proposal and contract did not include an amount to include state sales tax. At the time it was believed that municipal purchases of this nature were exempt from sales tax. Later consultation with the State Board of Equalization demonstrated that there was no exemption.

The contract was executed in the amount of \$1,600,000.00 and was intended to cover the proposal amount of \$1,554,152.00 and contingencies in the amount of \$45,848.00 (no contingencies were expended). The taxable amount is 7.75% on the proposal amount of \$1,554,152.00 resulting in a tax of \$120,446.76. Therefore, this action requests an increase in the budget in the amount of \$75,598.76 in order to accommodate the tax.

The TDS Reduction and Recycled Water project is included in the Five Year Capital Improvement Plan (2000/2005 CIP B-248).

Mandates and Service Levels:

There are no changes to service levels with this action.

Fiscal and Facilities Impacts:

This amendment is funded by District service charges in reserves and is included in the budget as shown on page D-304 of the 2002/2003 budget under the Laguna Sanitation cost center of the Solid Waste & Utilities Division. Funding is located in Department 054, Fund 2870, Program 6000, Account 8200.

Special Instructions:

Direct the Clerk of the Board to send a certified copy of the Minute Order to John McMillin, Purchasing Manager and to Martin Wilder, Laguna County Sanitation District Manager (x8750).

Concurrence:

General Services – Purchasing Division