



City Council Agenda Item

City Council Meeting Date: July 6, 2021

TO: Jim Throop, City Manager

FROM: Ray Ambler, Purchasing & Materials Manager
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Dirk Ishiwata, Fleet & Facilities Superintendent
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SUBJECT: Award of a Contract Purchase Order to Quinn Company for Purchase of One Landfill Compactor for Approximately \$1,225,000; Adoption of Resolution No. 6436(21) Approving Supplemental Appropriations

Recommendation:

Staff recommends the City Council:

- 1) Approve the award of a contract to purchase a Caterpillar Landfill Compactor Model 826 K for \$1,223,029.18 to Quinn Company of Santa Maria, California;
- 2) Authorize the Purchasing Manager to issue a contract purchase order in the amount of \$1,223,029.18; and
- 3) Adopt Resolution No. 6436(21), Approving Supplemental Appropriation and Estimated Revenues for the Acquisition of a Solid Waste Landfill Compactor Vehicle (Attachment 1).

Background:

The City provides a centralized fleet replacement and maintenance program to efficiently and effectively provide for the ongoing needs of the various users of the program, the departments and divisions of the City. That service provides for ongoing operational needs for vehicles and other related equipment. In addition, the City provides for the planned replacement of existing vehicles in the Fleet Division's Vehicle Replacement Fleet. The right time to replace a piece of equipment is a decision made jointly by the Finance Department, the Fleet Division, and the using Department or Division based upon the expected vehicle service life, condition of the vehicle, current operating cost trends (for fuels, lubricants, maintenance, etc.), repair costs, accumulated mileage (or

operational hours), existing needs of the department or division, and the budgetary capacity for replacing vehicles.

As part of the City's Vehicle Replacement Program, the Fleet Division purchases scheduled replacement vehicles during the fiscal cycle in which the replacements are approved as part of the biennial budget.

The Solid Waste Division has a specialized material mover for the Lompoc Landfill (Landfill). The existing Caterpillar Landfill Compactor 826 K (Compactor) is the workhorse for the Landfill as it moves the daily waste into proper layers while also compacting the material and required daily cover over the waste to maximize the remaining life of the Landfill.

While the existing 1995 Compactor was assigned an economic life of 20 years at the time it was purchased, it is now over 26 years old and has been in need of replacement since at least 2018. As a replacement was not approved as part of the Biennial Budget Fiscal Years (FY) 2017-19, the Landfill had to resort to leasing a unit from the City of Santa Maria while the Compactor was having capital maintenance performed in FY 2019-20.

Based on available funding and specific funding sources, the vehicles most in need of replacement are proposed for replacement in that particular budget cycle. As the Solid Waste Division is an enterprise activity with independent funding, generally replacement vehicles are replaced once their economic and useful lives are exceeded. As part of the evaluation of potential replacements during FYs 2015-17, Fleet and Solid Waste determined the useful life of the 1995 Compactor had not yet been exceeded and deferred replacement. When the evaluation of potential replacement vehicles occurred during FYs 2017-19, the 1995 Compactor was included in the proposed replacement schedule of vehicles for the Biennial Budget FYs 2017-19 due to an analysis of the unit's operating and maintenance costs as well as its operating life. However, Solid Waste did not have adequate reserves to support the appropriations for the replacement during either the FYs 2017-19 or 2019-21 Biennial Budgets and the replacement was deferred.

During FY 2019-21, financing was secured for a variety of purchases, including replacement of high-value, long-life vehicles such as the Landfill's Compactor. Financing was approved by the City Council at the January 21, 2020, City Council meeting, for the Compactor and was secured at favorable rates with a term to match the expense of the vehicle over the life of the use of the replacement vehicle.

Discussion:

The City published an Invitation to Bid (Bid) and associated Request for Proposal (RFP) on April 29, 2021 (Attachment 2). The Bid was published in the Lompoc Record and listed on the City Website. In addition to being published, the RFP was delivered directly to potential bidders who had either bid on similar RFPs in the past or had requested to be on the RFP list. The Bid closed on May 21, 2021, at 2:00 p.m., with two qualifying bids submitted; the bids are listed below:

Proposer	Base Bid (w/ Tax)	Rating
Quinn Company	\$1,223,029.18	Highest
Allied Systems Company	905,516.42	

Based on the recommendations of the Fleet and Solid Waste Divisions, the Purchasing Division has issued an intent to award to Quinn Company for a Caterpillar Landfill Compactor model 826 K based on the highest overall rating, which considered references, dealer experience, suitability, and cost. Attached are memos from Solid Waste and Fleet regarding the deficiencies of the quoted equipment from Allied Systems Company (Attachment 3).

Once the award decision by Fleet and Solid Waste had been made, sales and Lompoc's Measure I use tax, not included in the RFP process is required to be paid and is added to the overall cost of the purchase. Following is a summary of the costs included in the proposed Purchase Order for the Compactor model 826 K:

<u>Cost Component</u>	<u>Amount</u>
Base bid (before sales tax)	\$ 959,358.53
Bid options – 40" wheels and mapping system	165,266.00
Sales Tax (at 7.75%)	87,158.40
Use Tax (Measure I at 1.00%)	<u>11,246.25</u>
Contract Purchase Order Total	<u>\$1,223,029.18</u>

Fiscal Impact:

Beginning with the Biennial Budget FYs 2019-21, enterprise fund activities, such as Solid Waste, no longer appropriate and transfer funds to the Fleet Internal Service Fund for the replacement of vehicles prior to the approval by the City Council, if necessary, and prior to the issuance of a Purchase Order. This segregation ensures that enterprise fund resources are used for enterprise fund costs. The replacement of the 26-year-old 1995 Compactor was included in the January 2020 financing approved by the City Council on January 21, 2020. That action initiated the procurement process that has resulted in the RFP for the acquisition of the Compactor.

The supplemental appropriations and estimated revenues required for the purchase of the Compactor are itemized in the attached Resolution. The January 2020 financing package award provides \$1,000,000.00 of the \$1,223,029.18 necessary for the acquisition of the Compactor. Therefore, the Solid Waste Utility will need to supply the remaining resources to Fleet for the acquisition. The following accounts and amounts are necessary for the supplemental appropriations to acquire the Compactor:

759SWL-551290	Solid Waste Landfill – Fleet Replacement	\$223,029.18
873ES4-599590	Fleet Replacements – Solid Waste Credits	(223,029.18)
873ESR-750000	Fleet Capital Outlay – Equipment Replacement	1,223,029.18

The procurement process included formal Bid and RFP procedures and was in conformance with the Lompoc Municipal Code's Purchasing Rules and Regulations.

As indicated above, the City has historically pursued lease financing for capital purchases of high-value, long-life replacement fleet vehicles to match the capital costs of vehicles with the expected economic life of the vehicles. As a high-value, long-life vehicle, the Compactor is secured by capital lease financing over a 20 year period to match the estimated operational life of the vehicle. Bank financing was secured at the January 21, 2020 City Council meeting for the Compactor contemplated for procurement during the current fiscal year. That financing provides \$1,000,000 of the \$1,223,000 purchase cost amortized over 20 years with an interest rate of 2.71% per year. The difference of \$223,029.18 is recommended to be funded from Solid Waste fund appropriations.

Conclusion:

The Solid Waste Division currently provides landfill compaction with a dedicated 1995 model landfill compactor. The 1995 model has exceeded its useful life in delivery of compaction services. The current carryover unit is scheduled for disposal using the Purchasing Division's services for disposal.

Specifications incorporated in the bid were provided by Fleet and Solid Waste Divisional staff and are compliant with the Fleet Division's requirements for the Compactor and agreed to by the using division, Solid Waste. The bid award has been reviewed by the Solid Waste and Fleet Divisions and the purchase is recommended by the staff of Fleet and Solid Waste.

Respectfully submitted,

Ray Ambler, Purchasing and Materials Manager

Dirk Ishiwata, Facilities, Fleet, and Park Maintenance Manager

Keith Quinlan, Solid Waste Superintendent

APPROVED FOR SUBMITTAL TO THE CITY MANAGER:

Dean Albro, Management Services Director

Mike Luther, Public Works Director

C.J. Berry, Utilities Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Jim Throop, City Manager

- Attachments:
- 1) Resolution No. 6436(21)
 - 2) RFP Award Summary
 - 3) Memos from Solid Waste and Fleet Regarding Deviations
 - 4) Quinn RFP Bid Response Package