

Agenda Report

November 19, 2018

TO: Honorable Mayor and City Council

FROM: Water and Power Department

SUBJECT: AUTHORIZATION TO ENTER INTO A PURCHASE ORDER CONTRACT WITH COASTLINE EQUIPMENT COMPANY IN AN AMOUNT NOT TO EXCEED \$501,520 TO FURNISH AND DELIVER THREE BACKHOES

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is exempt from the California Environmental Quality Act ("CEQA") in accordance with Section 15061(b)(3), the General Rule that CEQA only applies to projects that may have an effect on the environment;
2. Authorize a purchase order contract with Coastline Equipment Company for the purchase, extended warranty, and preventative maintenance of three backhoe loaders for the Water and Power Department ("PWP") in an amount not to exceed \$501,520 for three years. Competitive bidding is not required pursuant to City Charter Section 1002 (H), contracts with other governmental entities or their contractors for labor, materials, supplies or services; and
3. Grant the proposed purchase order contract an exemption from the Competitive Selection process pursuant to Pasadena Municipal Code Section 4.08.049(B), contracts for which the City's best interests are served.

BACKGROUND:

The PWP Water division performs routine and emergency operations, maintenance, and construction of Capital Improvement Program projects on PWP's water distribution system. Backhoe loaders are a multipurpose and versatile tool used extensively in the repair and replacement of water lines and other water system appurtenances. Crews regularly require backhoe loaders for digging trenches and moving debris. PWP requires replacement backhoes to allow the crews to efficiently replace water mains and work on customer driven services. Down-time and increased maintenance costs were significant considerations in evaluating and recommending replacement of these three backhoes loaders.

The adopted Fiscal Year 2019 budget includes sufficient funds to purchase the backhoe loaders for the Water division. The backhoes currently in service average 13 years of

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age, have an average lifetime cost and hours driven of \$148,000 and 27,000 hours, respectively. These vehicles will be salvaged according to City policy.

Sourcwell, formerly National Joint Powers Alliance, is a national service cooperative that combines the purchasing power of more than 50,000 member agencies and streamlines the purchasing process. Sourcwell awards contracts at the manufacturing level, but the equipment is provided through local area dealers. Sourcwell issued a Request for Proposals for "Heavy Construction Equipment with Related Accessories, Attachments, and Supplies" on March 26, 2015. Submissions were scored on a 1,000 point evaluation system with the strongest consideration given to the best price as it relates to the quality of the product and service. John Deere Construction Retail Sales (contract #032515-JDC) and Caterpillar (contract #032515-CAT) are the only two vendors selected in the Sourcwell contracts that provide backhoe loaders.

As summarized below, PWP obtained backhoe loader quotes from both dealers representing both manufacturers, and Coastline Equipment Company supplied a quote that is 13% lower than Quinn Company's Caterpillar backhoe loader quote. Coastline Equipment Company is the area dealer for John Deere Construction Retail Sales. The Sourcwell contract #032515-JDC is valid through May 19, 2019.

| Description | Quantity | Extended Price (includes 9.5% sales tax) |
|--|----------|---|
| John Deere 410L HRC Backhoe Loader | 2 | \$276,362.67 |
| John Deere 710L Backhoe Loader | 1 | \$191,964.45 |
| Coastline Equipment Subtotal for Equipment | | \$468,327.12 |
| 36-Month Preventative Maintenance – Service Package | 3 | \$28,479.95 |
| 36-Month Extended Warranty | 3 | \$4,712.88 |
| Subtotal-Service and Warranty | | \$33,192.83 |
| Coastline Equipment Company Total | | \$501,519.95 |
| Caterpillar 430F2 HRC Backhoe Loader | 2 | \$311,389.53 |
| Caterpillar 450 Backhoe Loader | 1 | \$209,372.76 |
| Quinn Company Subtotal for Equipment | | \$520,762.29 |
| 36-Month Preventative Maintenance – Service Package | 3 | \$46,338.89 |
| 36-Month Extended Warranty | 3 | \$7,061.66 |
| Subtotal-Service and Warranty | | \$53,400.55 |
| Quinn Company - Caterpillar Backhoe Loader Comparable Total | | \$574,162.84 |

It is recommended that the City Council authorize the award of the purchase order contract with Coastline Equipment Company, as it submitted the lowest bid on backhoe equipment and utilizes the reduced pricing offered through a competitive process, with price as the main factor. The Sourcwell contract is in the City's best interest and ensures the cost competitiveness of the purchase. There are no John Deere dealers in the City that can provide this equipment.

Coastline Equipment Company has previously participated in the City's competitive bidding processes and has been awarded purchase order contracts by the City totaling approximately \$1,900,000 since 2000.

COUNCIL POLICY CONSIDERATION:

The proposed contract is consistent with the Public Facilities Element of the General Plan and supports the City Council's goal to improve, maintain and enhance public facilities infrastructure and to implement capital improvements that will maintain and rehabilitate infrastructure.

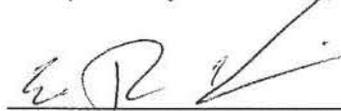
ENVIRONMENTAL ANALYSIS:

The proposed purchase complies with all South Coast Air Quality Management District rules and regulations for engine emissions and clean air standards in the South Coast Air Basin. The proposed action has been determined to be exempt from environmental review pursuant to State CEQA Guidelines Section 15061(b)(3), the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

FISCAL IMPACT:

The cost of this action will be \$501,520, including the three-year preventative maintenance service package and extended warranty, if exercised. Funding for this action will be addressed by the utilization of existing budgeted appropriations in the Water Capital Project Fund (412) Automotive Equipment accounts 49506732-850510-01500-53417-49506732-850513 and the Water Operating Fund (402) 49508330-811400. Indirect and support costs such as maintenance, repair, and fuel costs are anticipated to be approximately \$110,000 over the life span of each loader. Sufficient funds will be requested annually in the annual operating budget account to pay the cost of operating and maintaining these vehicles.

Respectfully submitted,



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