

# 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 HERC RENTALS INC. TO FURNISH AND DELIVER HEAVY CONSTRUCTION EQUIPMENT RENTAL SERVICES FOR AN AMOUNT NOT TO EXCEED \$182,291 PER YEAR**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the proposed action is not considered a "project" per Section 21065 of the California Environmental Quality Act ("CEQA") and is therefore not subject to CEQA review pursuant to Sections 15060(c)(2), 15060(c)(3), and 15378 of the CEQA Guidelines; as such, no environmental document pursuant to CEQA is required for the project;
2. Accept the bid dated October 23, 2018 submitted by Herc Rentals Inc. in response to Specification WD-18-08, to furnish and deliver heavy construction equipment rental services for the Water and Power Department ("PWP"), reject all other bids, and authorize the City Manager to enter into a purchase order contract with Herc Rentals Inc. for an amount not to exceed \$182,291 for one year; and
3. Authorize the City Manager to extend the purchase order contract for three optional one-year terms not to exceed \$182,291 per year. If the three additional one-year terms are exercised, the total purchase order contract amount is \$729,164 for a maximum duration of four years.

## **BACKGROUND:**

Pasadena Water and Power ("PWP") regularly completes water distribution projects as identified in the adopted Capital Improvement Program ("CIP"), Water System Master Plan, Water Integrated Resources Plan, and other water operations-related work. Specification WD-18-08 provides for a purchase order contract to furnish and deliver heavy construction equipment rental services for PWP's Water Division construction crews to install pipelines, water services, and perform construction at water facilities. The contract would also allow for continued project installation when City-owned equipment is out of service, and increase equipment availability for emergency

response. The type of equipment included for rental in the Bidder's Proposal is as follows: backhoes, loaders, dump trucks, air compressors, water trucks, arrow boards, and steel traffic plates of different capacities and dimensions.

The Notice Inviting Bids for Specification WD-18-08 was advertised in the Pasadena Journal and posted online through Planet Bids on October 4, 2018. In addition, Specifications were sent to six vendors, none of which were local since there are no known heavy construction equipment rental vendors in Pasadena. A pre-bid conference was not conducted. One responsive bid was received on October 23, 2018.

The bid was evaluated by multiplying each unit price by the estimated quantity and then adding the products of these estimated quantities and unit prices to arrive at a grand total price. The estimated quantities were determined by the frequency with which the corresponding bid items are required by PWP. This evaluation method and estimated quantities were fully disclosed in the Specifications.

The bid results are as follows:

<b>Bidder</b>	<b>Grand Total Price</b>
Herc Rentals Inc., North Hollywood	\$182,290.52
United Rentals (North America), Inc., Sun Valley	Non-responsive
American Broadcasting Corporation, Beverly Hills	Non-responsive
<i>Engineer's Estimate</i>	<i>\$150,000</i>

Herc Rentals Inc. provided a responsive and responsible bid and complies in all respects with the requirements of the Specifications. Herc Rentals Inc. was able to provide all the equipment PWP requested on the Bidder's Proposal and the costs match a recent Purchase Order requisition for less than \$25,000 that was bid competitively with three responsive bids.

The proposed purchase order contract complies with Competitive Bidding and Purchasing Ordinance P.M.C. 4.08 and the rules and regulations promulgated thereunder. Staff recommends that the City Council award a purchase order contract to Herc Rentals Inc. for an amount not to exceed \$182,291 per year for one year with three optional one-year extensions of \$182,291 each, subject to the approval of the City Manager. Water Distribution staff in the Water Services Division will monitor the purchase order contract spending.

Herc Rentals Inc. was awarded two competitively-bid purchase order contracts in fiscal year 2019. The PWP warehouse has a contract for \$24,999 to rent forklifts and BSFMD has a contract for \$15,000 to rent general equipment.

On August 28, 2017, City Council approved a multi-year purchase order contract with Western Rentals, Inc. for \$91,321.73 per year for heavy construction equipment rentals. PWP opted not to exercise the three additional one-year terms because the vendor was not able to meet the terms of the Specifications as they were intended.

**COUNCIL POLICY CONSIDERATION:**

The proposed purchase order contract is consistent with the City Council Strategic Planning Goal to improve, maintain, and enhance public facilities and infrastructure. It supports PWP's Water System Master Plan adopted by the City Council in 2002 and addresses the replacement of aging water distribution mains and establishment of reliable infrastructure for the City's water system.

**ENVIRONMENTAL ANALYSIS:**

The action proposed herein is not a project subject to CEQA in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3), and 15378. The authorization of a purchase order contract to furnish and deliver heavy construction equipment rentals to the Department's Water Division construction crews' job sites or other locations within the PWP service territory is an administrative and maintenance activity. The authorization of the proposed purchase order contract would not commit the City to undertaking or approving any actual or specific physical construction activities or any other actions that involve physical changes to the environment. Rather, the proposed purchase order contract would make such services available to potential water infrastructure projects, which themselves would be subject to CEQA consideration. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.

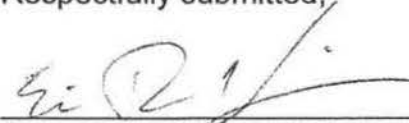
**FISCAL IMPACT:**

The total cost of this action will be \$729,164 for the initial year plus three additional one-year terms, if exercised. Funding for this action will be addressed by the utilization of existing budgeted appropriations in CIP #1001 – Distribution Mains, CIP #1002 – Meters and Services, and CIP #1003 – Customer Driven, as well as the utilization of approved appropriations for operating and maintenance of water transmission and distribution systems. It is anticipated that \$121,530 of the cost will be spent in the current fiscal year.

The following table presents the purchase order contract summary:


First-year purchase order contract amount	\$182,291
Optional three year extensions	\$546,873
Total amount of purchase order contract	\$729,164

Respectfully submitted,



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