

# Agenda Report

June 5, 2023

**TO:** Honorable Mayor and City Council

**FROM:** Water and Power Department

**SUBJECT: AUTHORIZATION TO ENTER INTO A PURCHASE ORDER CONTRACT WITH ALTEC INDUSTRIES, INC. FOR A 41' DIGGER DERRICK FOR AN AMOUNT NOT TO EXCEED \$295,380**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to the California Environmental Quality Act ("CEQA") pursuant to Section 21065 of CEQA and Sections 15060(c)(2), 15060(c)(3), and 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required;
2. Authorize the issuance of a Purchase Order ("PO") Contract to Altec Industries, Inc. ("Altec") for the purchase of a 41' Digger Derrick for an amount not to exceed \$295,380 (includes 10% of \$26,841 contingency); Competitive Bidding is not required pursuant to City Charter Section 1002(H), contracts with other governmental entities or their contractors; and
3. Grant the proposed PO Contract 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 Pasadena Water and Power Department ("PWP") performs maintenance, construction, and emergency operations on the City's electrical transmission and distribution systems. Power Delivery crews require specialized vehicles to transport technical staff, heavy equipment, specialty tools, and construction material essential to completing activities critical to electric system reliability, resilience, and safety. A new Digger Derrick is required for continued maintenance and construction. Digger Derricks are used to install poles, transformers, and other equipment for both overhead and underground distribution assets.

The fiscal year 2023 operating budget approved by the City Council includes funds to replace one Digger Derrick Truck, specifically vehicle number 1060, which is over 23 years old with approximately 46,400 miles and has incurred over \$125,000 of operating

costs to date. PWP will be replacing this asset with an Altec DB41B, which is a mobile track-mounted derrick designed to access jobsites otherwise inaccessible by traditional truck-mounted equipment, such as poles in back yards. It is transported to the job site on a trailer. There is no equivalent all electric option for this equipment at this time. PWP is aware of a hybrid diesel/electric option which recently entered the market. However, the hybrid unit does not meet PWP's material handling lifting capacity requirement. The hybrid option lifting capacity is 750 lbs., whereas the Altec DB41B is 1000 lbs. PWP requires a lifting capacity of 925 lbs. to install large transformers which is an essential function of the Digger Derrick for PWP field operations.

Other essential functions of the Digger Derrick, and how PWP will utilize it daily, are to dig deep post holes, set utility poles, and lift a variety of other materials. This equipment typically handles anything from transformers to utility pole crossarms and backfill material such as dirt or rock. Digger Derricks can dig holes quickly, efficiently, and cost-effectively. The digging motor torque of the hybrid option is 5,800 ft-lbs, 2,200 ft-lbs less than the Altec DB41B which is 8,000 ft-lbs. The strongest torque rating is needed to utilize this equipment efficiently and effectively in areas of Pasadena that are very rocky and may contain granite. The unit weight of the hybrid option is 12,590 lbs., 940 lbs. heavier than the DB41B which is 11,650 lbs. This is a concern because PWP will be operating the equipment in backyards to set and remove overhead and underground equipment. The unit needs to be as lightweight as possible to mitigate the risk of damage to the property. The extended width for the hybrid option is 5" wider than the DB41B. A narrower extended width is ideal because more than 60% of Pasadena's overhead infrastructure is located at rear property lines. The more compact the unit is, the more situations it could be utilized in. It will also greatly increase safety for City staff by reducing the need to climb broken or damaged power poles.

Sourcwell, a local government unit, public corporation, and public agency under the laws of the state of Minnesota (formerly the 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. It awards contracts at the manufacturing level, but local area distributors sell the equipment. In September of 2021, Sourcwell issued a Request for Proposals for Public Utility Equipment with Related Accessories and Supplies. Ten submissions were received and evaluated by the Sourcwell selection committee. Submissions were scored on criteria such as pricing, warranty coverage, variety of products offered, and bidders' ability to service the contract nationally. The process undergone by Sourcwell has resulted in competitive pricing. Altec earned the highest score out of 10 respondents with a total score of 878 points out of a possible 1,000 and was awarded a contract through December of 2025.

Staff recommends that the City Council authorize the issuance of a PO Contract to Altec for one Digger Derrick in an amount not to exceed \$295,380, which includes the price amount of \$243,451, fees, and a contingency amount of \$26,841 (10%) to provide for any necessary change orders. The Water & Power Department's General Manager, or his designee, will manage any change order authorization. Additionally, staff recommends that the City Council grant an exemption for this PO Contract 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. The highly competitive and low inventory procurement marketplace has made it critical for the City to place orders quickly to secure pricing and begin production or delivery processes. Utilizing the Sourcwell contract, which is competitively bid, saves time and locks in pricing that would be volatile in the open market based on demand and availability.

The City of Pasadena has awarded 50 POs to Altec for a total amount of approximately \$7.5 million since 2016. It is in the best interests of the City to purchase the requested equipment with Altec utilizing the Sourcwell contract, as it reduces the amount of time required to take delivery of new equipment and eliminates the need to solicit for items that are already competitively priced. Additionally, the highly competitive marketplace for vehicles makes it advantageous for manufacturers to avoid bidding on public bid contracts as vehicles are selling quickly for high prices in the open marketplace.

#### **COUNCIL POLICY CONSIDERATION:**

The proposed PO Contract is consistent with the City Council's goals to maintain fiscal responsibility and stability, and PWP's strategic initiatives to enhance customer satisfaction and confidence, improve efficiency and business continuity, and maintain PWP's fiscal health and stability.

#### **ENVIRONMENTAL ANALYSIS:**

The action proposed herein is not subject to the California Environmental Quality Act ("CEQA") in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3), and 15378. The purchase of a Digger Derrick is a continuing administrative and maintenance activity (i.e., purchasing of supplies). This action would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. 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 maximum cost of this action will be \$295,380. Funding for this action will be addressed by the utilization of existing appropriations in Power Operating Fund 401 in account number 850500 (Equipment). Ongoing expenses such as fuel and maintenance costs have been included in existing and future appropriations in the Power Operating Fund 401 as well. The contract summary is shown below in Table I.


**Table I: Contract Summary**

<b>Contract Expenditures</b>	<b>Amount</b>
Price	\$243,451
Tax (10.25%)	\$24,954
Fees	\$134
Contingency (10%)	\$26,841
<b>Total PO Contract</b>	<b>\$295,380</b>

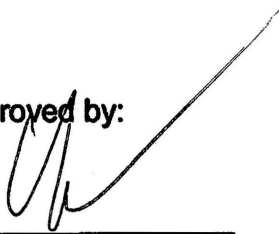
Respectfully submitted,

 5/23/2023  
SIDNEY JACKSON  
General Manager  
Water and Power Department

Prepared by:

  
Marvin D. Moon  
Assistant General Manager  
Water and Power Department

Approved by:

  
FOR MIGUEL MÁRQUEZ  
City Manager  
NICHOLAS G. RODRIGUEZ  
Assistant City Manager