HEAVY EQUIPMENT REPLACEMENTS

Water Delivery

Board of Public Utilities

March 13, 2023

BACKGROUND

Biennial Budget

1. On June 21, 2022, City Council approved the Fiscal Year 2022-2024 Biennial Budget which included $862,063 for the financing of $4.8 million to replace 23 heavy equipment vehicles for the Water Field Division.
2. The department has received new quotes which indicate pricing has increased.
3. As a result, the list of equipment has been reduced to 18 vehicles to remain within the previously approved budget amount.

OPERATIONAL USE/NEED

1. The Water Field Division uses these vehicles and equipment daily to provide safe and reliable water service to its customers.
2. Equipment operating beyond its economic and useful life needs to be replaced to ensure operating efficiency, employee productivity, and public safety.
3. Aging equipment is more prone to significant mechanical failure, causing increased maintenance/repair costs and downtime for field employees during vehicle/equipment maintenance.
4. Vehicles and equipment need to be in safe, operable condition and compliant with state and local emissions regulations.

OPERATIONAL USE/NEED

5. The proposed equipment represents a selection of the division's most heavily used equipment.
6. This equipment is vital to support Water Field and Operations, and when the equipment experiences major mechanical breakdown, it is not uncommon for the equipment to be down for multiple weeks.
7. Additionally, significant repair work on older equipment comes with a higher premium, due to limited availability of parts and additional time to complete repairs.

PROPOSED NEW VEHICLES

EQUIPMENT TYPE	QUANTITY	ESTIMATED COST PER VEHICLE	TOTAL ESTIMATED COST
Service Truck Freightliner 114SD	5	$ 400,000	$ 2,000,000
Dump Truck Peterbilt 16' Dump	6	$ 350,000	$ 2,100,000
Small Meter Truck Ford F350/450/550	1	$ 150,000	$ 150,000
Arrow Board	3	$ 8,000	$ 24,000
Cargo Van (Ops)	2	$ 50,000	$ 100,000
Boom Truck Elliot - 1870F (70' boom)	1	$ 440,000	$ 440,000
		TOTAL	$ 4,814,000

*Costs reflected in Table A are estimates of actual cost per vehicle. The heavy equipment market has been heavily impacted by fluctuations in price and availability, and the list of equipment may need to be modified as current market conditions arise during the purchasing process.

MARKET CONDITIONS

Current Heavy Equipment Market

1. Due to global microchip shortages and other production delays, the supply of vehicles has decreased but the demand continues to remain the same or has increased.

2. Many manufacturers are selling their vehicles on a first-come, first-served basis and are unwilling to hold vehicles in order to facilitate conventional City procurement processes.

3. Due to the fluctuations in price and availability in heavy equipment market, the list of equipment may need to be modified as current market conditions arise during the purchasing process.

FINANCE/PURCHASING PLAN

1. Sourcewell, formerly National Joint Powers Alliance (NJPA) uses cooperative contract pricing to leverage purchasing power of more than 50,000 public agencies.
2. Provides nationally leveraged and competitively solicited purchasing contracts to ensure lowest pricing available on the market.
3. Using cooperative purchasing will expedite the ordering process while maintaining compliance with City purchasing rules.
4. Allowable under Purchasing Resolution No. 23914, 602 (f), Acquisition of Goods "Competitive Procurement through Informal Procurement and Formal Procurement processes shall not be required...(f) When Cooperative Purchasing is available and undertaken or when goods can be obtained through Federal, State and/or other public entity pricing contracts or price agreements."

FINANCE/PURCHASING PLAN

5. The heavy equipment will be purchased using competitive loan financing allowing the City to spread the cost of the vehicles and equipment over a set term.

STRATEGIC PLAN ALIGNMENT

Priority No. 6 Infrastructure, Mobility and Connectivity

Goal 6.2 – Maintain, protect, and improve assets and infrastructure within the City's built environment to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity.

Cross-Cutting Threads

- Community Trust
- Fiscal Responsibility
- Sustainability & Resiliency
- Equity
- Innovation

RECOMMENDATIONS

That the Board of Public Utilities recommend that the City Council:

1. Approve vehicle purchases in compliance with Purchasing Resolution No. 23914, Sections 602 (f), Sourcewell Cooperative Purchasing for the Water Field and Operations divisions for an estimated amount of $4,814,000, plus interest, with various vendors, subject to the availability of budgeted funds; and
2. Authorize the City Manager, or designee, to execute the individual purchase agreements, purchase orders, and all necessary documents as needed for these individual purchases with all authority for such, including approval of minor and/or non-substantial changes, expiring on September 30, 2023.