



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: JANUARY 25, 2021

SUBJECT: RENTAL PAYMENT EXTENSION TO ALTEC INDUSTRIES, INC. FOR AN ESTIMATED TOTAL EXPENDITURE OF \$124,293.30.

ISSUE:

Consider approval of rental payment extension to Altec Industries, Inc. for an estimated total expenditure of \$124,293.30 in Fiscal Year 2020/21.

RECOMMENDATION:

That the Board of Public Utilities approve the rental payment extension to Altec Industries, Inc. of Birmingham, Alabama, for an estimated total expenditure of \$124,293.30 in Fiscal Year 2020/21.

BACKGROUND:

Riverside Public Utilities (RPU) uses a variety of vehicles to enable crews to maintain a reliable electric service to its customers. These vehicles need to be in safe, operable condition and compliant with state and local emissions regulations. To ensure operating efficiency, employee productivity, and public safety, vehicles that are reaching the end of their economic and useful life need to be replaced.

On February 3, 2012, the Board of Public Utilities approved the lease of six Altec vehicles for a seven-year term in the amount of \$2,321,689. Under the terms of the Lease, the City could continue to lease the vehicles on a month-to-month basis. The lease terms for each vehicle expired on May 1, 2020 and July 1, 2020, and a purchase order in the amount of \$168,078.15, under 10% of the original lease amount, was established to continue to rent these vehicles from Altec until replacements were built and delivered.

On November 25, 2019, the Board of Public utilities approved the purchase of six vehicles from Terex Utilities, Inc. (Terex) to replace the Altec vehicles that were at the end of their original seven-year lease. Build time after purchase takes approximately nine to 11 months. Due to Covid-19, Terex has experienced a delay in obtaining parts needed to build four of the replacement vehicles, therefore delivery time has now been delayed approximately six months, until July 2021.

DISCUSSION:

Due to the delay in build time and delivery of the replacement Terex vehicles, the current purchase order of \$168,078.15 with Altec Industries, Inc. (Altec) is insufficient and needs to be increased by \$124,293.30 to extend the monthly rental payments for the Altec vehicles for an additional six months (outlined in Table A). It is essential for Electric Field to extend payments for the Altec vehicles until the Terex replacement vehicles are delivered in order to ensure operating efficiency, employee productivity, and response to electric system emergencies for public safety. With replacement vehicles already in production, it is financially feasible to rent the Altec vehicles on a month to month basis, rather than entering another lease term. Once Terex vehicles are delivered, Altec vehicles can be returned, ending any further payment to Altec. A future proposal for necessary funds may be presented to the Board as current delivery dates for Terex vehicles are not definite as unexpected delays may still occur.

Table A - Altec Vehicles leased from 2013-2020 (monthly rentals)

VEHICLE	LEASE NUMBER	LEASE END	PREVIOUS MONTHLY LEASE PAYMENTS	CURRENT MONTHLY RENTAL PAYMENTS
2013 FREIGHTLINER BUCKET	19337	May 1, 2020	\$4,651.67	\$4,651.67
2013 FREIGHTLINER DIGGER DERRICK	42623	July 1, 2020	\$5,245.81	\$5,245.81
2013 FREIGHTLINER DIGGER DERRICK	42624	July 1, 2020	\$5,245.81	\$5,245.81
2013 FREIGHTLINER DIGGER DERRICK	19381	July 1, 2020	\$5,572.26	\$5,572.26
TOTAL				\$20,715.55
SIX MONTH RENTAL EXTENSION = \$124, 293.30				

Altec Industries, Inc. holds a Cooperative Agreement Number 012418-ALT with Sourcewell. Purchasing Resolution 23256, Section 702 (e) states that “Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required...When Cooperative Purchasing is available and undertaken or when Services can be obtained through Federal, State and/or other public entity pricing contracts or price agreements.”

The Purchasing Manager concurs that the recommended actions are in compliance with Purchasing Resolution 23256 Section 702 (e).

FISCAL IMPACT:

The total fiscal impact is \$124,293.30. Sufficient funds are available in Public Utilities Electric Field Equipment Rental Account No. 6105000-423100.

Prepared by: George R. Hanson, Utilities Assistant General Manager/Energy Delivery
 Approved by: Todd M. Corbin, Utilities General Manager
 Approved by: Al Zelinka, FAICP, City Manager
 Approved as to form: Kristi J. Smith, Interim City Attorney

Certifies availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer

Attachment:

1. 11/25/19 Board Memo
2. Altec Lease Agreements