



# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

**BOARD OF PUBLIC UTILITIES**

**DATE: JULY 26, 2021**

**SUBJECT: SECOND RENTAL PAYMENT EXTENSION TO ALTEC INDUSTRIES, INC. FOR AN ESTIMATED TOTAL EXPENDITURE OF \$64,255.52**

**ISSUE:**

Consider approval of a second rental payment extension to Altec Industries, Inc. for an estimated total expenditure of \$64,255.52 in Fiscal Year 2021/22.

**RECOMMENDATION:**

That the Board of Public Utilities approve the second rental payment extension to Altec Industries, Inc. of Birmingham, Alabama, for an estimated total expenditure of \$64,255.52 in Fiscal Year 2021/22.

**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.

In anticipation of the leases ending, 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 typically takes approximately nine to 11 months. RPU issued a change order on the original lease agreement with Altec in the amount of \$168,078.15 in order to lease the six vehicles from Altec for an estimated additional six months beyond lease expiration to allow time for the replacement vehicles to be built and delivered.

RPU received two vehicles in October and December of 2020. However, due to Covid-19, Terex experienced a delay in obtaining parts needed to build the remaining four of the replacement

vehicles. The delivery time for these vehicles was estimated to be delayed by approximately six additional months, until July 2021. Because the cost to lease the vehicles month-to-month for this additional time would exceed the 10% change order authority, the Board of Public Utilities approved the first lease payment extension to Altec on January 25, 2021 in the amount of \$124,293.30, with a contingency for a future proposal for necessary funds needed to continue rental payments to Altec if there were further delays.

In June 2021, Terex was able to deliver one more vehicle and informed RPU that they may need up to an additional four months to complete three of the remaining vehicles due to continued delays in obtaining the necessary parts to complete the vehicles.

## **DISCUSSION:**

Due to the continued delay in build time and delivery of replacement Terex vehicles, the current purchase order of \$124,293.30 with Altec Industries, Inc. (Altec) is insufficient and needs to be increased by \$64,255.52 to extend the monthly lease payments for the Altec vehicles for an additional four months with no change in the monthly lease cost (outlined in Table A). It is essential for Electric Field to extend the monthly rental payments for Altec vehicles until Terex replacement vehicles are delivered to ensure operating efficiency, employee productivity, and response to electric system emergencies for public safety.

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

VEHICLE	LEASE NUMBER	LEASE END	PREVIOUS MONTHLY LEASE PAYMENTS	CURRENT MONTHLY LEASE PAYMENTS
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				\$16,063.88
<b>FOUR MONTH RENTAL EXTENSION = \$64,255.52</b>				

Because the replacement vehicles are already in production at Terex and, it is most cost effective to continue to lease the Altec vehicles on a month to month basis, rather than entering into a longer lease term. Once the Terex vehicles are delivered, the Altec vehicles can be returned and the monthly payments to Altec will be ended. While staff is confident that Terex will deliver the vehicles as ordered, if the unexpected delays in acquiring parts that Terex is experiencing continue beyond the current estimate of four months, staff will bring a future proposal for necessary funds to the Board.

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 \$64,255.52. Sufficient funds are available in the Fiscal Year 2021/22 Public Utilities Electric Field Equipment Rental Account No. 6105000-423100

Prepared by: Daniel E. Garcia, Utilities Deputy General Manager  
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: January 25, 2021 Board of Public Utilities Memo