



File #: 17-0850, Version: 1

REPORT TO COUNCIL

SUBJECT

Authorize the Issuance of a Purchase Order for One Aggregate Chip Spreader (F18-005) in the amount of \$274,680 and Approve Budget Modification No. 16

REPORT IN BRIEF

Approval is requested to authorize the issuance of a Purchase Order to EDECO Southwest Service Company, LLC, of Wickenburg, AZ, in the amount of \$274,680 for one (1) Aggregate Chip Spreader to be used by the Department of Public Works, Street Maintenance Division, for asphalt street repair and maintenance.

EXISTING POLICY

Pursuant to 2.08 of the Sunnyvale Municipal Code, City Council approval is required for purchases exceeding \$100,000.

Pursuant to Sunnyvale Charter Section 1305, at any meeting after the adoption of the budget, the City Council may amend or supplement the budget by motion adopted by affirmative votes of at least four members so as to authorize the transfer of unused balances appropriated for one purpose to another, or to appropriate available revenue not included in the budget.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

BACKGROUND AND DISCUSSION

Currently, the Streets Maintenance Division performs a double chip-seal resurfacing technique on asphalt streets. The two layers of chip provides a structural layer that results in street repaired segments having an additional 8-12 years of life, and at a substantial lower cost than a typical overlay process.

The current process requires two dump trucks that have individual, manually operated chip spreaders mounted to the rear of the trucks. Crews walking alongside the trucks apply a thin layer of rock while the truck is in motion.

The proposed self-propelled chip spreader will replace the current process, allowing the operator to safely drive the chip spreader while applying the rock, providing greater spread accuracy and eliminating the need for City employees to walk alongside the truck. In addition to improved efficiency, this new process will greatly reduce risk of injury to our employees.

Expected life of the proposed equipment is estimated at 10-12 years.

Staff initially searched the State of California's existing state contracts, and through existing governmental cooperatives purchasing organizations, for suppliers of Aggregate Chip Spreaders, neither of which resulted in viable vendors or established contracts.

Staff then issued the Invitation for Bids (F18-005), which was posted for public viewing on July 31, 2017, with a bid due date of August 16, 2017. Two (2) suppliers provided sealed bids out of four (4) suppliers who downloaded the Invitation for Bids, as shown on Attachment 1 Bid Summary.

EDECO Southwest Service Company, LLC is the lowest bidder at \$252,000. With 9% tax (\$22,680) added, the total cost is \$274,680. In addition a trailer is needed to transport the equipment to the work site at an estimated cost of \$30,000.

FISCAL IMPACT

The funding needed to purchase the chip spreader was not included in the FY 2017/18 Adopted Budget. The City budgets for vehicle replacement in the Fleet Replacement Account, however this will be an addition to the fleet that was not anticipated when the budget was approved. Staff recommends that the chip spreader be paid for out of the General Fund Budget Stabilization Fund as street maintenance costs are in the General Fund.

Budget Modification No. 16 has been prepared to appropriate additional funding to purchase the vehicle and trailer.

**Budget Modification No. 16
FY 2017/18**

	Current	Increase/ (Decrease)	Revised
General Fund			
<u>Reserves</u>			
Budget Stabilization Fund	\$34,450,475	(\$304,680)	\$34,145,795
<u>Transfer Out</u>			
Transfer To General Services Fund - Fleet Sub-Fund	\$21,532	\$304,680	\$326,212
General Services Fund - Fleet Sub-Fund			
<u>Transfer In</u>			
Transfer From General Fund	\$21,532	\$304,680	\$326,212
<u>Expenditures</u>			
Fleet Replacement Account	\$2,461,850	\$304,680	\$2,766,530

Ongoing costs and the replacement of this equipment will be incorporated into the replacement schedule and funded as part of the FY 2018/19 Recommended Budget in the General Services Fund

- Fleet Sub-Fund. Based on a typical expected life of 12 years the impact to the 20-Year Financial Plan is estimated approximately \$575,000.

Funding Source

The purchase will be funded by the City's General Fund Budget Stabilization Fund.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

RECOMMENDATION

Authorize the issuance of a Purchase Order in the amount of \$274,680, in substantially the same form as Attachment 2 to the report, to EDECO Southwest Service Company, LLC for one (1) Aggregate Chip Spreader and Approve Budget Modification No. 16 in the amount of \$304,680.

Prepared by: Gregory Card, Purchasing Officer

Reviewed by: Timothy J. Kirby, Director of Finance

Reviewed by: Craig Mobeck, Interim Director of Public Works

Reviewed by: Teri Silva, Interim Assistant City Manager

Approved by: Kent Steffens, Interim City Manager

ATTACHMENTS

1. Bid Summary
2. Draft Purchase Order