



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Authorize the Issuance of a Purchase Order to Papé Machinery for a John Deere 310SL HL Backhoe (F19-204) for \$101,665.97 excluding \$9,149.31 in sales tax and approve Budget Modification No. 9 in the amount of \$110,816.

REPORT IN BRIEF

Approval is requested to authorize the issuance of a Purchase Order to Papé Machinery of Newark in the amount of \$101,665.97 (including tire fees) excluding \$9,149.31 in sales tax, for one (1) 2019 John Deere 310SL HL Backhoe.

EXISTING POLICY

Pursuant to Section 2.08.040 of the Sunnyvale Municipal Code, Council approval is required for the procurement of goods and/or services greater than \$100,000 in any one transaction.

In accordance with Sunnyvale Municipal Code Section 2.08.220(b), the purchasing officer may authorize the procurement of goods and/or services through a contract initiated by another governmental, public or quasi-public agency, provided that the parties agree, it was awarded within 12 months, the contract is identical or nearly identical and resulted from competitive bids methods similar to those set forth in Sunnyvale Municipal Code Section 2.08.060.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to 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

The City's Environmental Services Department, Water Division (ESD) is responsible for the operation, maintenance, and repair of over 300 miles of water main and related assets. To access these assets, staff utilizes backhoes to perform street excavations, which remove necessary layers of asphalt and soil and perform other associated construction tasks. Currently the Water Division shares one backhoe between all crews and has needed to rent another on an ongoing basis. The purchase of this new additional backhoe equipment will allow the Water Division to cease the ongoing rental of equipment (over \$34,000 per year), which will yield a net savings for the City in approximately three years.

The City's Vehicle and Equipment Policy provides guidelines for the implementation, maintenance and life-cycle management of vehicles and equipment. Based on the established criteria for the FY 2018/19 vehicle replacement schedule, the backhoe identified for purchase will be an addition to the City's fleet for the benefit of the Water Division. The backhoe will be a complement to ESD operations and will increase equipment availability and provide needed vehicle coverage for operational integrity. The identified backhoe will enable the department to reduce outsourcing costs and financial allocations for equipment rentals, and additional maintenance costs.

Traditionally, the City has purchased fleet vehicles through a cooperative purchasing agreement or through a California Statewide Commodity Contract. The City has used Sourcwell cooperative purchasing agreements to identify vendors and purchase vehicles and equipment, typically realizing better pricing than when bidding the goods/services individually. The specified equipment that meets the City's requirements is available through a Sourcwell cooperative purchasing agreement with Deere & Company and it is in the best interest of the City to purchase through this agreement. Utilizing the Sourcwell agreement saves time researching and writing numerous vehicle specifications while benefiting from established vehicle pricing through this agreement. This purchase will be through Papé Machinery who is the only local Deere & Company dealer.

FISCAL IMPACT

This table outlines the total cost of purchase with estimated sales tax.

<u>Description</u>	<u>Quantity</u>	<u>Cost</u>
2019 John Deere 310SL HL Backhoe	1	\$101,658.97
Tire Fee		\$7.00
Delivery Fee		Included
Subtotal		\$101,665.97
Estimated Sales Tax		<u>\$9,149.31</u>
Total		\$110,815.28

The estimated useful life of this vehicle is 10 years. This vehicle will be added to the fleet equipment replacement schedule to fund future replacement.

The total cost of this purchase is \$110,815.28 and was budgeted in the Water Distribution Program in the FY 2018/19 Adopted Budget. Staff was not able to make the purchase in FY 2018/19, thus the unspent funds were returned to the fund balance of the Water Supply and Distribution Fund at the end of the fiscal year.

Budget Modification No. 9 has been prepared to re-appropriate the funding of \$110,816 in the Water Supply and Distribution Fund.

**Budget Modification No. 9
FY 2019/20**

	Current	Increase/ (Decrease)	Revised
Water Supply and Distribution Fund			
<u>Expenditures</u>			
Program 360.02-Water Distribution	\$4,794,807	\$110,816	\$4,905,623
<u>Reserves</u>			
Rate Stabilization Reserve	\$18,984,060	(\$110,816)	\$18,873,244

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

Take the following actions:

- Authorize the issuance of a Purchase Order in the amount of \$101,665.97 (including tire fees) excluding \$9,149.31 in sales tax, in substantially the same form as Attachment 1 to the report, to Pape Machinery for one (1) 2019 John Deere 310SL HL Backhoe; and
- Approve Budget Modification No. 9 in the amount of \$110,816 to fund the purchase for one (1) 2019 John Deere 310 SL HL Backhoe Truck.

Prepared by: Gregory S. Card, Purchasing Officer
Reviewed by: Timothy J. Kirby, Director of Finance
Reviewed by: Ramana Chinnakotla, Director of Environmental Services
Reviewed by: Chip Taylor, Director of Public Works
Reviewed by: Teri Silva, Assistant City Manager
Approved by: Kent Steffens, City Manager

ATTACHMENT

1. Draft Purchase Order