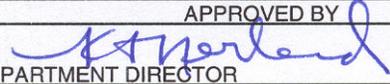


AGENDA ITEM NO.

COUNCIL MEETING: Mar. 4, 2008

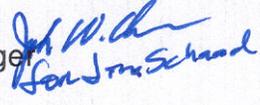
APPROVED BY


DEPARTMENT DIRECTOR

CITY MANAGER

March 4, 2008

FROM: KENNETH A. NERLAND, Director
General Services Department

BY: JAMES H. SCHAAD, Fleet Manager
Fleet Management Division 

SUBJECT: AWARD A CONTRACT IN THE AMOUNT OF \$335,586.30 TO PIONEER FARM EQUIPMENT CO. OF FRESNO, CA FOR ONE (1) SCRAPER TRACTOR WITH CARRY LOAD SCRAPER AND REJECT ALL BIDS FOR ONE (1) MOTOR GRADER
BID FILE NO. 2776

KEY RESULT AREA: One Fresno

RECOMMENDATIONS

Staff recommends that the City Council award a contract for one (1) scraper tractor with carry load scraper in the amount of \$335,586.30 to Pioneer Farm Equipment Co. of Fresno, CA and reject all bids for one (1) motor grader.

EXECUTIVE SUMMARY

The General Services Department, Fleet Management Division is seeking to purchase one (1) motor grader and one (1) scraper tractor with carry load scraper for use by the Water Division of the Department of Public Utilities within the City of Fresno. This equipment will be used to rehabilitate percolation ponds essential for ground water recharge at the Leaky Acres Ground Water Recharge Facility.

The motor grader and scraper tractor with carry load scraper will replace three (3) old pieces of off-road construction equipment currently being used for pond rehabilitation by the Water Division, a 1990 model John Deere motor grader, a 1976 model Cat D6 dozer, and a 1985 model Cat 613 scraper. The engines in these old units all have EPA Tier 0 emission rated diesel engines and emit high levels of particulate matter and ozone-forming pollutants. These engines are so old and have such high emission levels that they can not be equipped with exhaust after-treatment devices that are now required under the recently implemented California Air Resources Board (CARB) Off-road Equipment Rule. The EPA Tier 3 rated engines installed in the new equipment will emit 70% less ozone forming and particulate matter emissions than the engines that they replace and allow the installation of exhaust after-treatment devices to further reduce emissions of particulate matter another 85% below the Tier 3 level. The City Council approved the receipt of grant funding from the California Air Resources Board for up to \$147,894 to help mitigate approximately 28% of the cost for the total project on June 5, 2007, of which \$106,786 is available to mitigate the cost of the recommended award for one (1) scraper tractor with carry load scraper.

REPORT TO THE CITY COUNCIL

Award contract for one (1) scraper tractor w/ carry load scraper and reject all bids for one (1) motor grader

Mar. 4, 2008

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Staff recommends that the City Council award a contract for one (1) scraper tractor with carry load scraper in the amount of \$335,586.30 to Pioneer Farm Equipment Co. of Fresno, CA and reject all bids for one (1) motor grader.

KEY OBJECTIVE BALANCE

The purchase of one (1) motor grader and one (1) scraper tractor with carry load scraper will balance all the Key Objectives. Customer Satisfaction and Employee Satisfaction will be enhanced through lower emissions, improved performance, and reliability compared to the units being replaced. Financial Management will be enhanced by reducing costs for maintenance, lower fuel consumption, and lower cost for regulation compliance through the use of available grant funding.

BACKGROUND

The General Services Department, Fleet Management Division is seeking to purchase one (1) motor grader and one (1) scraper tractor with carry load scraper for use by the Water Division of the Department of Public Utilities within the City of Fresno. This equipment will be used to rehabilitate percolation ponds essential for ground water recharge at the Leaky Acres Ground Water Recharge Facility.

The motor grader and scraper tractor with carry load scraper will replace three (3) old pieces of off-road construction equipment currently being used for pond rehabilitation by the Water Division, a 1990 model John Deere motor grader, a 1976 model Cat D6 dozer, and a 1985 model Cat 613 scraper. The engines in these old units all have EPA Tier 0 emission rated diesel engines and emit high levels of particulate matter and ozone-forming pollutants. These engines are so old and have such high emission levels that they can not be equipped with exhaust after-treatment devices that are now required under the recently implemented California Air Resources Board (CARB) Off-road Equipment Rule. The EPA Tier 3 rated engines installed in the new equipment will emit 70% less ozone forming and particulate matter emissions than the engines that they replace and allow the installation of exhaust after-treatment devices to further reduce emissions of particulate matter another 85% below the Tier 3 level. The City Council approved the receipt of grant funding from the California Air Resources Board for up to \$147,894 to help mitigate approximately 28% of the cost for this project on June 5, 2007.

Specifications were prepared and sent out to twelve (12) prospective bidders. A Notice Inviting Bids was published on December 31, 2007, and posted on the City's website. Six (6) bid proposals from five (5) different vendors were received on January 17, 2008. All bids received were from businesses within a 25-mile radius from Fresno City Hall and, therefore, local preference is not a consideration for these bids.

The bid proposals for the scraper tractor with carry loader scraper ranged from \$323,729.51 to \$352,785.90. The apparent low bid proposal from Quinn Co. was determined to be non-responsive because the engine horsepower for the scraper tractor they proposed was lower than specified. The specified horsepower requirements are necessary to fulfill operational needs and for grant funding compliance. Quinn Co. was notified of this determination and given the opportunity to appeal under Council Resolution 2003-129. No appeal was received.

The second lowest bidder for the scraper tractor was from Pioneer Farm Equipment Co. of Fresno, CA in the amount of \$335,586.30 and their proposed scraper tractor does meet all the requirements of the specifications. Pioneer Farm Equipment is considered the lowest responsive bid proposal for the

REPORT TO THE CITY COUNCIL

Award contract for one (1) scraper tractor w/ carry load scraper and reject all bids for one (1) motor grader

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scraper tractor with carry load scraper.

The bid proposals for the motor grader ranged from \$190,192.57 to \$242,922.16. Questions arose after the bid opening about the ability of certain motor grader manufacturer's to supply EPA Tier 3 emission rated engines. Tier 3 engines are required to comply with the CARB grant requirements for this project. Because engines meeting this requirement are being phased into off-road construction equipment production at different rates based on manufacturer supply contracts and production schedules for the engines, staff is recommending that all bids be rejected and the project re-bid with revised specifications that require written verification of availability of Tier 3 engines to be supplied with the bid proposal. The re-bid of the motor grader portion of the project will result in a delay of approximately sixty (60) days.

These two staff determinations were posted on the City's website on February 15, 2008.

Staff recommends that the City Council award a contract for one (1) scraper tractor with carry load scraper in the amount of \$335,586.30 to Pioneer Farm Equipment Co. of Fresno, CA, and reject all bids for one (1) motor grader.

FISCAL IMPACT

Grant funding from the California Air Resources Board for up to \$106,786 is available to help mitigate approximately 32% of the cost for the one (1) scraper tractor with carry load scraper portion of the project. Lease financing through the City Master Lease Agreement for the balance of the cost for this project is included in the Adopted FY 08 Budget. Based on net city costs, the annual lease payments are estimated to be in an amount not to exceed \$39,200 for a seven (7) year term for the portion of the project recommended for award. An annual lease payment amount of \$68,000 was appropriated in the Adopted FY 08 Budget for this project.

Attachments:

- Fiscal Impact Statement
- Evaluation of Bid Proposals

FISCAL IMPACT STATEMENT

ORGANIZATION: GENERAL SERVICES –Fleet Management Division - Fund: 50502 Org. 530501

<u>RECOMMENDATION</u>	<u>TOTAL OR CURRENT FY</u>	<u>ANNUALIZED COST</u>
Direct Cost	<u>\$335,586.30</u>	<u>\$ 0</u>
Indirect Cost	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL COST	<u>\$335,586.30</u>	<u>\$ 0</u>
Additional Revenue or Savings Generated	<u>\$106,786.00*</u>	<u>\$ 0</u>
Net City Cost	<u>\$228,800.30</u>	<u>\$39,200.00**</u>
Amount Budgeted (If none budgeted, identify source.)	<u>\$ 0</u>	<u>\$68,000.00**</u>

* = Approved grant funding for scraper tractor and carry load scraper portion of project from the California Air Resources Board for Low Emission Off-Road Construction Equipment.

** = Lease financing through the City Master Lease Agreement for this project is included in the Adopted FY 08 Budget. Based on net city costs listed above, the annual lease payments are estimated to be in an amount not to exceed \$39,200 for a seven (7) year term. An annual lease payment amount of \$68,000 was appropriated in the Adopted FY 08 Budget for this project.

EVALUATION OF BID PROPOSALS

FOR: ONE MOTOR GRADER ONE SCRAPER TRACTOR WITH CARRY LOAD SCRAPER

Bid File No. 2776
Bid Opening: 1/17/08

BIDDER'S	MOTOR GRADER TOTAL NET BID	SCRAPER W/CARRY LOAD TOTAL NET BID
Pape Machinery 3000 San Antonio Dr Fowler, CA 93625	\$201,934.84	No Bid
Quinn Company 10273 S Golden State Selma, CA 93662	\$223,050.44	Option 1 - \$323,729.51 (Non-Responsive) Option 2 - \$352,785.90
Pioneer Farm Equipment Co. 2545 S Sarah St Fresno, CA 93706	No Bid	\$335,586.30
Sequoia Equipment Co., Inc. 3400 E American Ave Fresno, CA 93725	\$242,922.16	No Bid
Shanahan Equipment Co. 5333 N Cornelia Fresno, CA 93722	\$190,192.57 (Non-Responsive)	No Bid

Each bidder has agreed to allow the City ninety (90) days from date bids are opened to accept or reject their bid proposal. Purchasing requests that you complete the following sections and return this bid evaluation to the Purchasing Division at the latest by Wednesday, February 13, 2008, 5:00 P.M.

The Budget Allocation for this expenditure is \$548,000. The contract price is 2% below the Budget Allocation.

BACKGROUND OF PROJECT (To be completed by Evaluating Department/Division. Explain need for project/equipment):

Included in the Fleet Management Division FY 08 New Additional Program is the purchase of one (1) motor grader and one (1) scraper tractor with carry load scraper for use the by the Water Division of the Department of Public Utilities within the City of Fresno. This equipment will be used to refurbish and enhance percolation ponds at the Leaky Acres groundwater recharge facility operated by the Water Division.

This equipment will be equipped with EPA Tier 3 rated diesel engines and fitted with exhaust after-treatment devices resulting in the lowest possible emission levels for this type of construction equipment. The new equipment will be replacing a 1990 model John Deere motor grader, a 1976 model Cat dozer, and a 1985 model Cat scraper that have exceeded their economic life and have extremely high levels of ozone-forming and particulate matter emissions. Grant funding in the amount of \$147,894 has been approved from the California Air Resources Board (CARB) to mitigate 28% of the cost for this project.

EVALUATION OF BID PROPOSALS

FOR: ONE MOTOR GRADER ONE SCRAPER TRACTOR WITH CARRY LOAD SCRAPER

Bid File No. 2776
Bid Opening: 1/17/08

DEPARTMENT CONCLUSIONS AND RECOMMENDATION:

Award a contract in the amount of \$ _____
to _____
as the lowest responsive and responsible bidder for the Motor Grader.

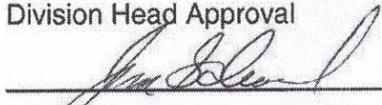
Reject all bids. Reason: Questions arose after bid opening about the ability of certain motor grader manufacturers to supply EPA Tier 3 emission rated engines. The motor grader portion of the project will be re-bid and specifications revised to require written verification of Tier 3 engine availability to be submitted with the bid proposal. Tier 3 engines are required to comply with CARB grant requirements for this project.

Award a contract in the amount of \$ 335,586.30
to Pioneer Farm Equipment Co.
as the lowest responsive and responsible bidder for the Scraper Tractor w/ Carry load Scraper.

Remarks: The Option 1 bid proposal from Quinn Company was non-responsive to City of Fresno specifications for minimum engine PTO horsepower requirements. The specified horsepower requirements are necessary to fulfill operational needs and for grant funding compliance.

Reject all bids. Reason:

Division Head Approval

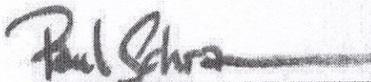


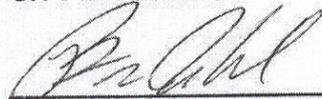
Title Fleet Manager
Date 2/12/2008

- | | |
|---|--|
| <input type="checkbox"/> Approve Dept. Recommendation | <input type="checkbox"/> Approve GSD/Purchasing Recommendation |
| <input type="checkbox"/> Disapprove | <input type="checkbox"/> Disapprove |
| <input type="checkbox"/> See Attachment | |

GENERAL SERVICES DEPARTMENT

CITY MANAGER

 2/11/08
Purchasing Manager Date

 12/19/07
City Manager or Designee Date

 2/14/08
Director Date