

STAFF REPORT



ITEM NO. **10**

CITY OF OCEANSIDE

DATE: February 21, 2007

TO: Honorable Mayor and City Councilmembers

FROM: Public Works Department

SUBJECT: **APPROVAL OF PURCHASE ORDERS FOR A NEW 2007 CATERPILLAR FORKLIFT, THREE NEW FORD F-150 HALF-TON PICKUP TRUCKS AND APPROVAL OF BUDGET TRANSFERS AND INTERFUND CHARGES ADJUSTMENTS**

SYNOPSIS

Staff recommends that the City Council approve a purchase order in an amount not to exceed \$24,612 to Southern California Material Handling of Anaheim for the purchase of a new 2007 Caterpillar P5000-G forklift for the Water Utilities Department; approve a purchase order in an amount not to exceed \$75,700 to Villa Ford of Orange for the purchase of three Ford F-150 half-ton pickups (two for the Water Utilities Department and one for Public Works); approval of budget transfers to fund the purchases; approval of adjustments to the interfund charges for replacement and maintenance of the vehicles; and authorization for the Financial Services Director, or designee, to execute the purchase orders.

BACKGROUND

The new forklift will replace an SDL, a Water Utilities 1992 Caterpillar forklift that has met its expected useful service life.

Two of the new half-ton pickup trucks will replace vehicles in the Water Utilities Department. Unit SD750, used by the La Salina Wastewater Treatment Plant, is a 1992 half-ton pickup truck with 85,000 miles. The other vehicle, unit SD780, is used by the Sewer Collections Section, and is a 1996 half-ton pickup truck with 135,000 miles.

The third pickup truck is an addition to the Fleet requested by Parks Maintenance that was included in the approved FY06-07 budget.

ANALYSIS

In December 2006, bids were solicited from vendors to replace the forklift. Three vendors responded: Hawthorne Lift Systems in the amount of \$27,796; Holt of California in the amount of \$24,963, and Southern California Material Handling of

Anaheim in the amount of \$24,612. Southern California Material Handling was the lowest responsible bidder.

In January 2007, bids were solicited from vendors for the half-ton pickup trucks. Villa Ford of Orange submitted the only bid. The bid cost of \$75,700 for the three trucks was compared with the cost of other regional Ford dealers for similarly equipped half-ton pickup trucks. Staff believes that even though there was only one bid, the price for the vehicles is fair and reasonable and it is unlikely that additional bidders or continued negotiations would reduce their cost.

FISCAL IMPACT

The Water Utilities Department paid into the Fleet Replacement Fund \$15,542 during the life of the old forklift. The forklift has a replacement cost shortfall of \$9,070, which will be paid by Water Utilities with a budget transfer from 721.666900.5703.

The cost to replace SD750 is \$20,220, and the cost of the replacement for SD780 is \$27,679. Truck SD750 has a replacement cost shortfall of \$11,335 and SD780 has a shortfall of \$7,551. The total shortfall of \$18,886 for these vehicles will be funded with a budget transfer from Water Utilities account 721.666900.5704. Water Utilities account 721.666900.5704 has current balance of \$138,234. Sufficient funds are available to fund the vehicle purchases.

The Park Maintenance truck will be funded from the budgeted \$22,284 in Public Works account 213.416021.5704 and the balance of \$5,395 will be funded from 213.416021.5211. Sufficient funds are available for this addition to Fleet.

The transferred budgets for the trucks will be to the Fleet Capital Account 831.416220.5704 and the forklift will be to 831.416220.5703.

Maintenance and operation rates are the yearly cost of vehicle maintenance, fuel and fleet management overhead prorated based on vehicle type and classification. Replacement rates are based on a service life expectancy of 8 years for the pickup trucks and 15 years for the forklift.

The chart below shows the annual maintenance and operations rates for each vehicle and the forklift based on current standards for all City vehicles and equipment. The replacement rate is expected to provide adequate funds to replace the equipment at the end of their useful life.

<u>Vehicle</u>	<u>Maintenance/Operations Rate</u>	<u>Replacement Rate</u>
SD750	\$5,444 year	\$3,252 year
SD780	\$5,444 year	\$4,451 year
Park Maintenance	\$5,444 year	\$4,451 year
Forklift	\$3,579 year	\$2,632 year

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

Does not apply.

RECOMMENDATION

Staff recommends that the City Council approve a purchase order in an amount not to exceed \$24,612 to Southern California Material Handling of Anaheim for the purchase of a new 2007 Caterpillar P5000-G forklift for the Water Utilities Department; approve a purchase order in an amount not to exceed \$75,700 to Villa Ford of Orange for the purchase of three Ford F-150 half-ton pickups (two for the Water Utilities Department and one for Public Works); approval of budget transfers to fund the purchases; approval of adjustments to the interfund charges for replacement and maintenance of the vehicles; and authorization for the Financial Services Director, or designee, to execute the purchase orders

PREPARED BY:

SUBMITTED BY:



David Mills
Fleet Supervisor



Peter A. Weiss
Interim City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

Joseph Arranaga, Acting Deputy Public Works Director

Gary Gurley, Acting General Services Manager

Lonnie Thibodeaux, Water Utilities Director

Nita McKay, Financial Services Director









