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REPORT TO COUNCIL
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

CONSENT
August 9, 2005

Honorable Mayor and
Members of the City Council

Subject: EQUIPMENT LEASE AND RENTAL FOR DRINKING WATER TREATMENT
PLANTS

Location/Council District: Districts 1 and 3

Recommendation:

Staff recommends that the City Council adopt the attached resolution which authorizes Council to suspend competitive bidding and authorize the City Manager to enter into contracts for equipment lease and rental with Holt of California, in an amount not to exceed \$150,000.00, and Pape Machinery/John Deere Credit, Inc., in an amount not to exceed \$150,000.00.

Contact: Mike Yee, Plant Services Manager, Dept. of Utilities, 808-5583
Marc Robles, Buyer II, Procurement Services, 808-6343

Presenters: None

Department: Utilities

Division: Water Production Operations

Organization No: 3321

Summary: The Department of Utilities has a requirement for the lease and rental of equipment relating to the City's two drinking water treatment facilities at the E.A. Fairbairn and Sacramento Water Treatment Plants. These equipment leases will provide temporary measures to mitigate water treatment plant sludge disposal problems, while continuing to provide safe drinking water. This report recommends that the City Council suspend formal competitive bidding and contract with Holt of California and Pape Machinery/John Deere Credit, Inc. for the lease and rental of equipment, in a cumulative amount not to exceed \$300,000.00. These vendors represent the entire supplier population for this type of governmental equipment lease in northern California.

Committee/Commission Action: None.

Background Information: On September 20, 2004, the City was informed by the California Regional Water Quality Control Board (CRWQCB) that both of the City's drinking water treatment plants require CRWQCB Waste Discharge Permits and that further disposal of alum sludge at former disposal sites will not be allowed until the permits are obtained. The City of Sacramento's drinking water treatment plants, as part of the water sedimentation and purification process, produce a waste solid of settled river silt, which is commonly referred to as alum sludge. The City's Utility Department has traditionally disposed of the sludge by way of economical land storage, fill, or application at other disposal sites. Both water production plants currently use the natural, solar drying process, to take its alum sludge from a liquid containing 2-4% solids to a more solid and haulable sludge containing 20-50% solids. When haulable, the sludge is then transported to the disposal site.


The Department of Utilities found that large rubber tired tractor loaders aid in the drying process by stirring and turning the sludge during solar drying. The City is currently renting two loaders, on a month to month basis, one large loader for each plant site from Holt of California. Staff now finds it more advantageous to lease these loaders from another vendor at a substantial savings and with an option to buy directly from the manufacturer and delivered immediately, with payments applied to the final purchase cost. The replacement loaders also provide improved traction to prevent being stuck in the sludge. While investigating and evaluating other suitable equipment, the total rental costs exceeded \$100,000.00 and will accumulate up to approximately \$150,000.00 through the anticipated return of the rental equipment, expected on or near August 31, 2005. Because of the uncertainty regarding the ultimate method of disposal for the sludge, the Department of Utilities determined that leasing the equipment is preferable to making a large capital investment at this time. Staff is therefore recommending that, in the best interest of the City, competitive bidding be suspended and the current rental with Holt of California, 8900 Fruitridge Rd. Sacramento, CA, be extended through August 31, 2005, in an amount not to exceed \$150,000.00 and authorize a new lease through Pape Machinery/John Deere Credit, Inc., 2850 El Centro Rd., Sacramento, CA, in an amount not to exceed \$150,000.00, through August 31, 2008. Staff evaluated lease options through both vendors for loaders in Northern California and found that Pape/John Deere provided the most advantageous offer to the City.

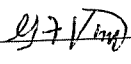
Financial Considerations: Sufficient funds for these services and supplies are available in Fund 413 of the Capital Improvement Project (CIP), ZK11.

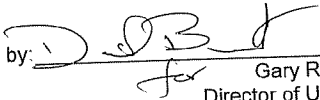
Environmental Considerations: None

Policy Considerations: The recommendations in this report are in accordance with provisions of the City Code section 3.56.230(c), which authorizes suspension of formal competitive bidding upon a two-thirds vote of the City Council.

Emerging Small Business Development (ESBD): Neither Holt of California nor Pape Machinery/John Deere Credit, Inc. are certified as Emerging/Small Business Enterprises.

Respectfully Submitted by: 
Chris Stewart
Procurement Services Manager

Approved by: 
Gus F. Vina
Director of Finance

Approved by: 
for Gary Reents
Director of Utilities

Recommendation Approved:

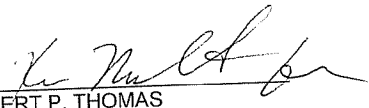

ROBERT P. THOMAS
City Manager

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RESOLUTION NO.

Adopted by the Sacramento City Council

**EQUIPMENT LEASE AND RENTAL FOR THE E.A. FAIRBAIRN AND SACRAMENTO RIVER
DRINKING WATER TREATMENT PLANTS IN AN AMOUNT NOT TO EXCEED
\$300,000.00**

BACKGROUND

- A. The Department of Utilities has a requirement for the lease and rental of equipment relating to the City's two drinking water treatment facilities at the E.A. Fairbairn and Sacramento Water Treatment Plants. These equipment leases will provide temporary measures to mitigate water treatment plant sludge disposal problems, while continuing to provide safe drinking water.
- B. The City is currently renting two loaders, on a month to month basis, one large loader for each plant site from Holt of California. Staff now finds it more advantageous to lease these loaders from another vendor at a substantial savings and with an option to buy directly from the manufacturer and delivered immediately, with payments applied to the final purchase cost.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1. In the best interest of the City and in accordance with City Code section 3.56.230(c), formal competitive bidding is hereby suspended and;
- Section 2. City Manager is authorized to issue purchase orders for equipment rental to Holt of California, 8900 Fruitridge Rd., Sacramento, CA, in an amount not to exceed \$150,000.00 and Pape Machinery/John Deere Credit, Inc. , 2850 El Centro Rd., Sacramento, CA, in an amount not to exceed \$150,000.00.

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No Attachments