



MEETING HANDOUT

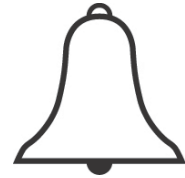
Meeting: Board of Directors Meeting

Date: April 21, 2017

Item: 3.6 Consideration and Action on Purchase of Compact Loader

Revised staff memo for the purchase of a compact loader. The recommended purchase is no longer available to the District, and we are recommending going with option #2. Posted online as Meeting Handout #2.

Santa Margarita Water District



MEMORANDUM

TO: Board of Directors

DATE: April 21, 2017

FROM: Rich Kissee

SUBJECT: Consideration and Action on Purchase of Compact Loader

SUMMARY

Issue: The compact loader located at Chiquita WRP has reached the end of its useful service life.

Recommendation: Authorize purchase of compact loader from Volvo Construction Equipment & Services in the amount of \$125,000.

Fiscal Impact: Funding for this purchase was included in the Operation's Department Capital Expenditures Overhead Budget for Fiscal Year 2016/17.

Previous Related Action: The District reviews the capital budget annually and replaces vehicles as needed.

Adherence to Policy:

- This project is consistent with the District's mission
 - "Provide a high level of service with maximum cost effectiveness."

Committee Status: A previous version of this item was reviewed by the Engineering and Operations Committee on April 14, 2017 and recommended to be placed in the Consent Calendar for the April 21, 2017 Board Meeting. However, the District was informed that the initial recommendation was no longer available which required a change to the recommendation of this report without review by the Engineering and Operations Committee.

DISCUSSION

Currently in order to load and move materials, the Chiquita WRP utilizes an aging compact loader. The vehicle was purchased in 1984 and has far exceeded its useful service life and needs to be replaced. The Operations Department proposes to remove the 1984 loader from service, transfer

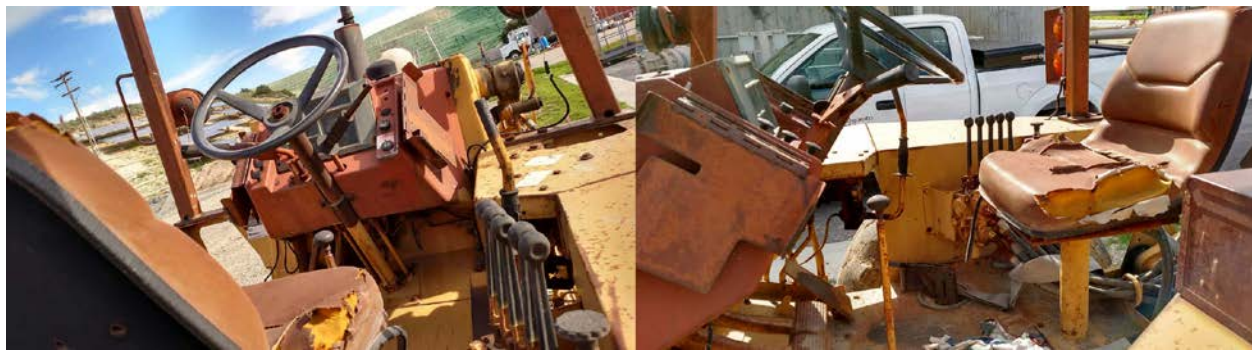


Figure 1: 1984 Loader Located at CWRP

the existing 2009 loader from headquarters to Chiquita, and purchase a new loader to be placed at headquarters.

The rationale for replacing the headquarters loader with the newer model is the different usage patterns at both facilities. The headquarters loader is used on a daily basis while the Chiquita loader is used as-needed. In addition to being utilized more, headquarters could better utilize the new loader due to the larger capacity and heavier footprint. In the past year, there have been several deliveries at headquarters which the current loader was unable to handle. In addition, a newer compact loader will be able to handle a 40% larger bucket which will reduce the amount of trips required when loading materials for transport to the job site.

The District reviewed loader options and solicited bids from three vendors. The results are shown below.

| Vendor | Model | Price (no tax/fees) |
|--------------------------|-----------------|---------------------|
| Sonsray Machinery | 2015 CASE 521F | \$105,000 |
| Volvo | 2017 Volvo L60H | \$111,300 |
| Quinn Group | 2017 CAT 914M | \$112,900 |
| Sonsray Machinery | 2017 CASE 521G | \$132,000 |

The preliminary recommendation was to choose the 2015 CASE 521F due to it being the lowest bid and the District's mechanical experience with the brand. Since the model was a 2015 model, it was \$27,000 less expensive than the current year 521G model. Unfortunately, the District was informed that that unit is no longer available from the vendor.

Since the preferred equipment was removed from availability, the revised recommendation is to purchase the 2017 L60H from Volvo Construction Equipment & Services for an amount of \$125,000 which includes a contingency amount for taxes, delivery, and other miscellaneous fees. While the Volvo L60H is the District's second choice in loader, it must be emphasized that this positioning was primarily due to the heavy discount being offered by CASE on the late model 521F they had available.

When comparing the 2017 CAT, Volvo, and CASE models, there are no equal comparisons. The CAT model quoted was seen as too small for the District needs while the CASE and Volvo models were ideal for the District's requirements. However, Volvo's L60H model has a larger capacity than the CASE model and Volvo has provided a significant discount to the District to fit within the budget.

FUNDING

The funding for this equipment purchase was budgeted in the Capital Expenditures Budget for Fiscal Year 2016/2017.