

CITY OF COOS BAY CITY COUNCIL
Agenda Staff Report

MEETING DATE March 19, 2013	AGENDA ITEM NUMBER
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TO: Mayor Shoji and City Council

FROM: Randy Dixon, Operations Administrator
Jim Hossley, Public Works and Development Director

Through: Rodger Craddock, City Manager

ISSUE: Special Procurement to Purchase Tanker Trailers



BACKGROUND:

The City's fleet includes equipment used by CH2MHill. One piece of equipment is tanker trailers used to haul sludge from wastewater treatment plant #2 to the sludge lagoon in Eastside. The tankers are also used to move the sludge from the lagoon to farm fields and forest lands. This tanker trailer is in poor condition and needs to be replaced. The expected replacement cost was in excess of \$150,000. The reason for this cost is the specialty nature of the pressurized tanks.

On February 5, 2013 the City Council approved a Special Procurement process to purchase a utility truck for wastewater operations. The reason staff requested the Special Procurement is that the City's procurement rules are not flexible enough for us to take advantage of the used equipment market. Based on our research of the market, staff estimated we could purchase a used truck with needed equipment in reasonable condition for approximately \$70,000. To replace this vehicle new was estimated to be \$100,000. Staff found suitable used vehicles that met our specifications needed. When staff sent out our specifications via the internet to the various suppliers for bid/quotes on the used equipment, we received a response from a dealer in southern California that had a new 2012 truck equipped as we specified they were willing to sell to us for just over \$69,000.

Because of the success of this Specialty Procurement in saving the City money, staff is asking that Council consider approving a similar Special Procurement process for two pressurized sanitary sewer tanker trailers. I believe the Special Procurement process should be used when the City is considering the purchase of specialty or used equipment. The availability of information on the internet also favors the Special Procurement process. Our existing procurement process assumes that bidders will find our requests for bid advertised. With the internet, staff can easily find equipment meeting our specifications all over the country. Then we can request quotes from multiple suppliers.

Section 2 of the City's contracting rules states in pertinent part: "...if any issue or claim is not resolved or addressed in these Rules of Local Contract Review, then the rules of decision shall be in the Oregon Attorney General's Model Contract Rules Manual, 2004 edition."

In the Model Rules there is discussion of "Special Procurements," the process for which is codified by statute at ORS 279B.085 and at OAR 137-047-0285. The special procurement process is designed to provide additional flexibility to a public agency in purchasing goods or services, where the standard methods do not work well. In the Model Code, the commentary to the special procurement process states in part that "In a Special Procurement, the contracting

agency may custom-design any contracting approach it determines will best meet its procurement needs, and submit a written request for approval that describes the selected approach. The process for a contract specific special procurement is as follows:

- City staff will contact four (4) equipment suppliers who specialize in pressurized sanitary sewer tanker trailers to provide trailers that meet the unique requirements we need not to exceed \$150,000.
- By contacting four (4) equipment suppliers who specialize in pressurized sanitary sewer tanker trailers they all have equal chance to offer the tanker trailers to the City at the maximum limit of \$150,000.
- This specific special procurement process will allow the City to save money and time by seeking bids from a larger number of suppliers than would normally be found by advertising in The World and Daily Journal of Commerce.
- Pursuant to the OAR, the City will place a public notice in The World Newspaper, a paper in general circulation in the area, informing the public of the special procurement for the purchase of the pressurized sanitary sewer tanker trailers.
- Once notice has been given, staff will look in the advertisements for tanker trailers which meet the City's needs and are within the maximum price allowed (\$150,000 total) by the City Council acting as the Contracting Board.

ADVANTAGES:

By purchasing a pressurized sanitary sewer tanker trailers through the Special Procurement process the City could save \$20,000 to \$30,000 over the traditional method as staff can “shop around” for the best deal available.

DISADVANTAGES:

None noted.

BUDGET:

The tanker trailers are budgeted for in Fund 29, Wastewater Improvement Fund. The cost is not to exceed \$150,000.

RECOMMENDATION:

If it pleases council, staff request authorization of specific special procurement process to purchase two pressurized sanitary sewer tanker trailers not to exceed a total cost of \$150,000.