



Legislation Text

File #: 19-904, Version: 1

MEMORANDUM

TO: Board of Supervisors

FROM: Lars Ewing, Public Services Director

DATE: September 24, 2019

SUBJECT: Consideration of (a) Adopting a Resolution Authorizing the Cancellation of Reserve Designations for Landfill Operations Equipment; and (b) Waiving the formal bidding process, pursuant to Lake County Code Section 38.2, as it is not in the public interest due to the unique nature of goods or services; and (c) Authorizing the Public Services Director / Assistant Purchasing Agent to issue a purchase order to Elms Equipment Rental, Inc. in the amount of \$547,205

EXECUTIVE SUMMARY:

The Eastlake Sanitary Landfill in Clearlake operates under a solid waste facilities permit with the State Department of Resources Recycling and Recovery (CalRecycle). One of the permit conditions is the requirement to place a cover over all solid waste at the end of each operating day (daily cover), and furthermore to place twelve inches of compacted earthen material on any solid waste that will be exposed for longer than 180 days (intermediate cover). Historically staff has used geosynthetic tarps for daily cover (soil placed at a depth of six inches is also an approved daily cover), and generated the intermediate cover material by excavating and hauling native soil from an area of the landfill property located immediately southeast of the current fill area that has not yet been used for solid waste disposal purposes. Until recently, excavating in this borrow area using county staff and county equipment was doubly beneficial: 1) the material was free and relatively easy to excavate, and 2) the borrow area is envisioned as the future disposal area that will ultimately need to be excavated to a lower elevation to maximize waste disposal capacity, thereby minimizing construction excavation costs during the future landfill expansion process.

Earlier this year excavations in the borrow area progressed to a point that large rocks, not soil, were the primary material encountered. This made excavation operations with existing County-owned equipment inefficient, if not impossible at times. To that end, in May 2019 your Board approved a rental agreement with Elms Equipment Rental for the use of a track mounted impact crusher. After a few months of using the crusher it became apparent to staff that the long-term use of the crusher would be worthwhile. To make an informed decision regarding the cost effectiveness of contracting the excavation work in comparison to either a long-term equipment rental or an outright purchase,

staff evaluated the relative costs:

- Contract: Engineer's estimate to excavate 400,000 cubic yards required for the future landfill expansion: ~\$1.66 million
- Rental: Assuming 5 years of excavation operations, 7 months per year, at a cost of \$50,000 per month (rental, fuel, and maintenance/repairs): ~\$1.75 million
- Purchase: Upon entering into the lease agreement the vendor extended a purchase option to the County to apply 90% of rental payments toward the purchase of the crusher. After the September 2019 monthly lease, the purchase price to the County including taxes and fees would be \$547,205. Assuming five years of fuel (\$30,000/year) and five years of maintenance/repairs (\$60,000/year), the comparative cost of owning and operating the crusher for the expansion area alone: ~\$997,000

Financially the purchase saves the County approximately \$663,000 for the borrow area alone. Furthermore this evaluation does not include the added value of the use of the excavated crushed rock/soil for daily operations during those five years, nor the future benefit of owning the crusher for subsequent use.

Staff researched various options to address this issue, with consideration being given to sourcing soil from another location or using other material alternatives for cover. However, the benefit of continuing to excavate the borrow area for both current daily and intermediate cover use and future landfiling use far outweighs other alternatives.

Therefore I am requesting that the Board make a determination that competitive bidding is not in the public's interest because of the unique nature of the equipment, and that competitive bidding is not likely to provide an economic benefit to the County, and furthermore that the Board approve the purchase order with Elms Equipment Rental, Inc. for a not-to-exceed amount of \$547,205.

FISCAL IMPACT: ☐ None ☒ Budgeted ☐ Non-Budgeted
Estimated Cost: \$547,205
Amount Budgeted: \$547,205
Additional Requested: 0
Annual Cost (if planned for future years): N/A

FISCAL IMPACT (Narrative): The County has a reserve account in the solid waste enterprise fund for equipment purchases. The FY 19-20 budget includes sufficient funds for this purchase. I recommend that your board adopt the Resolution to decrease the equipment reserve designation (986) and appropriate to the enterprise fund (985), object code 62.74 to complete this expenditure.

STAFFING IMPACT (if applicable): N/A

RECOMMENDED ACTION:

- (a) Adopt a Resolution Authorizing the Cancellation of Reserve Designations for Landfill Operations Equipment; and
- (b) Waive the formal bidding process, pursuant to Lake County Code Section 38.2, as it is not in the public interest due to the unique nature of goods or services; and
- (c) Authorize the Public Services Director / Assistant Purchasing Agent to issue a purchase order to Elms Equipment Rental, Inc. in the amount of \$547,205.