



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: April 7, 2010 REPORT NO: 10-046

ATTENTION: Natural Resources and Culture Committee
Agenda of April 14, 2010

SUBJECT: Authorize Contract with Hawthorne Machinery Company to Lease
Bulldozers for Refuse Operations at Miramar Landfill

REQUESTED ACTION:

1. Authorize the Mayor, or his designee, to enter into a contract with Hawthorne Machinery Company for the lease of heavy duty tractor bulldozers with full maintenance for a two-year term, and for the Mayor or his designee to exercise options to renew for three additional one-year periods with price escalation not to exceed 5% of prices in effect at the end of each prior contract year, all in accordance with Bid No. 9469-09-Y retroactive to 3/15/2009 in an amount not to exceed \$1,625,000 annually from Refuse Disposal Enterprise Fund No. 700039.
2. Authorize the Chief Financial Officer to expend an amount not to exceed \$1,625,000 annually plus 5% annual escalation from Refuse Disposal Fund No. 700039, for purposes of this contract, contingent on passage of the Annual Appropriations Ordinance for the applicable fiscal year and contingent on the City Comptroller first furnishing one or more certificates that funds are available for the contract.
3. That the City Comptroller is hereby authorized to transfer excess budgeted funds, if any, to the appropriate reserves on advice of the administering department.

STAFF RECOMMENDATION:

Approve the requested actions.

SUMMARY

Through a competitive process in December 2008, Hawthorne Machinery Company was selected as the lowest responsive bidder meeting City specifications to provide bulldozers for refuse operation at the Miramar Landfill. The lease provides for heavy duty tractor bulldozers (D9R) and includes all maintenance and operating expenses.

BACKGROUND:

Heavy duty tractor bulldozers are required for processing municipal solid waste. This involves pushing and compacting waste, dirt, and site maintenance at the Miramar Landfill. The size, durability, reliability, and low operating costs have made the Caterpillar D9R bulldozer the industry standard track-type tractor used in landfills. This machinery is essential to the daily operation and maintenance at the Miramar Landfill.

On November 3, 2003, Council approved R-298550 awarding a lease contract for bulldozers operating at the Miramar Landfill to Hawthorne Machinery Company beginning November 20, 2003 through November 19, 2004 with options to renew for four additional one-year periods, ending November 19, 2008.

In December 2008, another RFP was issued and Hawthorne was again selected as the lowest responsible bidder meeting required City specifications for the same service for a two year period with three one-year options to renew. The bid received was not to exceed \$1,625,000 annually and required Council Approval in order to be awarded. Due to an oversight approval was not obtained. Environmental Services Department (ESD) staff requested and received Purchase Order 5205008-0 in the amount of \$356,000 for the period from April 1, 2009 through June 30, 2009. Of the authorized PO amount \$326,000 was spent. ESD staff then requested and received PO 4500006914 in the amount of \$975,000 in July of 2010 for the current Fiscal Year. The current PO is anticipated to be fully expended in April 2010.

DISCUSSION

The current contract term is for two years beginning March 15, 2009 through March 14, 2011, with three options to renew for additional one-year periods. ESD is requesting Council approval retroactive to March 2009 for the current contract as it was never requested. The projected expenditures are anticipated to exceed \$1.0 million in FY 2010 and annually thereafter. As stated, Purchase Order 4500006914 was issued and sufficient to cover expenditures to date; however, additional funds will be required in the current fiscal year and due to the discovery that this contract did not initially receive Council approval, it is our intent to obtain authorization before committing additional funding. Sufficient FY 2010 budget exists in the Refuse Disposal Enterprise Fund to support this request.

FISCAL CONSIDERATIONS:

Estimated annual lease cost is not to exceed \$1,625,000 and sufficient budget exists in the Refuse Disposal Enterprise Fund.

ENVIRONMENTAL STATEMENT:

The activity for which this contract will be used is categorically exempt from CEQA pursuant to State CEQA Guidelines §15301.

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION:

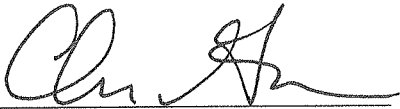
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COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

None.

KEY STAKEHOLDERS:

The citizens of San Diego and Hawthorne Machinery Company.



Chris Gonaver
Environmental Services Director



Dave Jarrell
Deputy Chief of Public Works

