



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: February 15, 2011 REPORT NO. 11-028
ATTENTION: Council President and City Council
SUBJECT: One -Year Extension of Contract with Hawthorne Machinery Co. to Lease Bulldozers for Refuse Disposal Operations at Miramar Landfill

REQUESTED ACTION:

1. Authorize the Mayor, or his designee, to execute a second amendment to the agreement with Hawthorne Machinery Company (Hawthorne), for the lease of heavy duty tractor bulldozers with full maintenance, to extend the contract for an additional twelve months from March 15, 2011 to March 14, 2012, with options to renew for two additional one-year periods, in accordance with Request for Bid No. 9469-09-Y and Hawthorne's bid in response to Request for Bid No. 9469-09-Y.
2. Authorize the Chief Financial Officer to expend an amount not to exceed \$1,625,000, for the additional twelve month term from Refuse Disposal Fund No. 700039, for the purpose of the above 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 demonstrating that funds are available for the contract.
3. Authorize the Mayor or his designee to exercise one or more options to extend the above contract for up to two additional one-year periods, under the terms and conditions set forth in the contract.

STAFF RECOMMENDATIONS:

Approve the requested action.

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 daily refuse operations at the Miramar Landfill. The agreement provides for heavy duty tractor bulldozers, four D9Ts (trash dozers) and one D9R (dirt dozer with rippers), and includes all maintenance and operating expenses. The bid received was for two years with options to renew for three additional one-year periods and was not to exceed \$1,625,000 per year for those first two years. The current agreement expires on March 14, 2011, with options to renew the agreement for three additional one-year periods. The proposed amendment would exercise the first option to extend the contract term for an additional twelve (12) months beginning March 15, 2011 through March 14, 2012, with two remaining options to renew for additional one-year periods each.

Heavy Duty tractor bulldozers are required for processing municipal solid waste. This involves pushing and compacting municipal solid waste, applying mulch and cover dirt as well as site maintenance at the Miramar Landfill. The size, durability, reliability and low operating costs have made the Caterpillar D9T/R the industry standard track-type tractor used in landfills. This machinery is essential to the daily operation, maintenance and regulatory compliance of the Miramar Landfill.

The agreement may be terminated for convenience. Specifically, it provides that: "The Purchasing Agent, by written 30 day notice, may terminate this Contract, in whole or in part, when it is in the best interest of the City. Contractor shall be compensated in accordance with auditable costs for services or products provided prior to notification of termination."

FISCAL CONSIDERATIONS:

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

ENVIRONMENTAL STATEMENT:

This agreement is subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2708) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

On November 3, 2003, Council approved Resolution 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, after a competitive bid process, Hawthorne was again selected as the lowest responsive bidder meeting required City specifications for the same service.

On April 14, 2010, the Natural Resources and Culture Committee, on a motion by Councilmember Emerald, seconded by Councilmember Lightner, voted to recommend approval of a two year contract with three one-year options to renew with any price escalation after the second contract year not to exceed 5% annually. All the Committee members voted in favor (Council members DeMaio, Emerald, Frye and Lightner voted yea).

On May 25, 2010, the full City Council approved a contract for sixteen (16) months, retroactive to March, 15 2009 through July 14, 2010, pending further discussion.

On June 16, 2010, the Natural Resources and Culture Committee recommended approval of an eight (8) month extension of the agreement through March 15, 2011. All Committee members present voted in favor (Council members DeMaio, Frye and Lightner voted yea, Councilmember Emerald was absent).

On July 13, 2010, the full City Council approved Resolution R-305979 extending the term of the agreement for eight (8) additional months, beginning July 15, 2010 and ending March, 14 2011

with three, one year options to renew and requested that the Mayor return to the City Council for approval of any options to extend the agreement.

On February 2, 2011, the Natural Resources and Culture Committee, on a motion by Councilmember Lightner, seconded by Councilmember Zapf, voted to approve staff recommendation for the Second Amendment to Agreement with the requirement that the additional options to renew for two additional one- year periods be returned for City Council approval. All Committee members voted in favor (Council members Alvarez-yea, DeMaio-yea, Lightner-yea, and Zapf-yea).

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

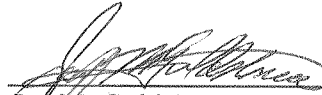
None

KEY STAKEHOLDERS & PROJECTED IMPACTS:

City of San Diego, Citizens of the City of San Diego, and Hawthorne Machinery Company



Chris Gonaver
Environmental Services Director



Jay M. Goldstone
Chief Operating Officer