

03-5-14-7

W. Q. B. 2

## AGENDA COVER MEMO

**DATE:** May 14, 2003

**TO:** Lane County Board of Commissioners

**DEPT:** Public Works

**PRESENTED BY:** Dale Wendt, Public Works Support Services Manager

**AGENDA ITEM TITLE:** In the Matter of Awarding a Contract to The Halton Company in the Amount of \$392,920.00, for the Purchase of Two (2), New, Motor Graders, Contract FY03/04 FS-01.

### I. MOTION

MOVE TO AWARD A CONTRACT TO THE HALTON COMPANY IN THE AMOUNT OF \$392,920.00 FOR THE PURCHASE OF TWO (2), NEW, MOTOR GRADERS AS SPECIFIED IN CONTRACT FY03/04 FS-01.

### II. ISSUE OR PROBLEM

Shall Lane County approve awarding a contract to The Halton Company for the purchase of two (2), new, motor graders required by Public Works Engineering Road Maintenance Section as per established replacement criteria?

### III. DISCUSSION

#### A. Background

Lane County Department of Public Works Engineering Division operates nine (9) motor graders. These machines are used in various road maintenance operations throughout the County.

Three of these motor graders are scheduled for replacement in FY03/04. Due to improvements in equipment utilization resulting from combining the Veneta and Junction City Shops, only two (2) motor graders will be replaced, reducing the fleet by one unit. The replacement motor graders have been budgeted in the FY03/04 Fleet Services budget and sufficient replacement funds are available in the Fleet Replacement Fund.

The three (3) Motor Graders being replaced will be returned to the original selling vendor under repurchase agreement terms outlined in Contract FY92/93 FS-11. These terms require the selling vendor to repurchase the three (3) motor graders for \$100,000.00 each if the option is exercised prior to July 20, 2003.

Since the guaranteed repurchase date for the currently owned motor graders falls soon after the start of FY03/04, BCC action is requested in the current fiscal year. The new motor graders will not be delivered or invoiced prior to July 1, 2003.

#### B. Analysis

The County received two (2) acceptable responses from its Invitation to Bid. One of the three (3) bidders did not provide an acceptable bid bond. Given the time value of money and the large variance in the guaranteed repurchase bid amounts, the present value of each bidders repurchase bid amount

was calculated to determine the lowest cost option. The values listed in the table below were calculated as follows:

- (1) Net Bid Price = Bid Price including optional equipment
- (2) Present Value of Repurchase Bid @ 4% over ten-years
- (3) Net Bid Price – Present Value of Repurchase

VENDOR	(1) NET BID PRICE	(2) PRESENT (PV) VALUE OF REPURCHASE	(3) NET BID LESS PV OF REPURCHASE
The Halton Co.	\$392,920	\$121,570	\$271,350
Pape' Machinery	\$352,075	\$ 67,606	\$284,469

The lowest cost option, a bid of \$392,920.00, was submitted by The Halton Company with no deviations. The Halton Company will repurchase the motor graders in ten years for \$179,835.00.

**C. Alternatives/Options**

1. Purchase the above-described units from The Halton Company at this time.
2. Do not purchase at this time. The existing motor graders are now 10 years old and are beginning to experience increased downtime and higher maintenance cost. Additionally, provisions in Contract FY92/93 FS-11 requiring the selling vendor to repurchase the three motor graders scheduled for replacement expire July 20, 2003. Since the guaranteed repurchase amount is estimated to be \$90,000 greater than the current market value of these machines, it makes good economic sense to exercise the repurchase option at this time.

**D. Recommendation**

It is recommended that the Board approve entering into a contract with The Halton Company for the purchase of two (2), new, motor graders as specified in FY03/04 FS-01.

**E. Timing**

Upon approval of the Board, a contract will be executed between The Halton Company and the County Administrator.

**IV. IMPLEMENTATION/FOLLOW-UP**

None.

**V. ATTACHMENTS**

Board Order  
Bid Recap

IN THE BOARD OF COMMISSIONERS OF LANE COUNTY  
STATE OF OREGON

ORDER

(IN THE MATTER OF AWARDING A  
(CONTRACT TO THE HALTON COMPANY,  
(IN THE AMOUNT OF \$392,920.00, FOR  
(THE PURCHASE OF TWO (2), NEW, MOTOR  
(GRADERS, CONTRACT FY03/04 FS-01.

**WHEREAS**, at the duly publicized place and time on April 17, 2003, an authorized representative of the Department of Public Works, opened bids on the following:

Two (2), New, Motor Graders, Contract FY03/04 FS-01; and

**WHEREAS**, the lowest responsive bid to conform to bid specifications was received from The Halton Company, in the amount of \$392,920.00, and the Director of the Department of Public Works recommends that the bid be accepted; therefore it is hereby

**ORDERED** that the bid received from The Halton Company be accepted as recommended; and it is further

**ORDERED** that a contract be awarded to The Halton Company, in the amount of \$392,920.00 in accordance with the bid specifications; and it is further

**ORDERED**, that a contract be executed in accordance with this Order and the bid specifications and the County Administrator be authorized to sign the contract.

**DATED** this \_\_\_\_ day of May, 2003.

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Peter Sorenson, Chair  
Lane County Board of Commissioners

APPROVED AS TO FORM

Date 5-5-03 lane county

  
OFFICE OF LEGAL COUNSEL

**CONTRACT   FY03/04 FS-01**

Bid Opening: Thursday, April 17, 2003, at 10:15 a.m.

**BID RECAP****TWO (2), NEW, UNUSED, CURRENT MODEL MOTOR GRADERS WITH THREE (3) TRADE-INS**

<u>VENDOR</u>	<u>BID PRICE</u>	<u>OPTIONAL EQUIPMENT</u>	<u>5 Yr Purchase</u>	<u>10 Yr Purchase</u>	<u>BID BOND C. CHECK</u>
HALTON	\$167,760 (\$335,520)	All-Wheel Drive 12'x27" Moldboard 14'x24" Moldboard Moldboard Ext. CB Radio Air Horn Work Lights Speedometer & Tachometer Front Scarifier Rear Ripper Front Dozer Blade Manuals: Service Parts Operators Front Push Plate Spare tire/wheel Rear Roller	\$110,000 \$ 14,000 N/A \$ 450 \$ 100 \$ 0 \$ STD \$ 100 \$ 200 \$ 3,500 \$ 6,500 \$ 3,500 \$ 375 \$ 46 \$ 28 \$ 2,020 \$ 1,625 \$17,529	\$85,000 \$ 7,000 N/A \$ 200 \$ 0 \$ 0 \$ STD \$ 50 \$ 100 \$ 500 \$ 2,000 \$ 1,500 \$ 25 \$ 10 \$ -- \$ 500 \$ -- \$ 2,500	BID BOND C. CHECK

## Trade-in Units:

#93300 \$99,500  
#91301 \$99,500  
#91302 \$99,500

TOTAL BID \$37,020

CONTRACT   FY03/04 FS-01

Bid Opening: Thursday, April 17, 2003, at 10:15 a.m.

**BID RECAP**

TWO (2), NEW, UNUSED, CURRENT MODEL MOTOR GRADERS WITH THREE (3) TRADE-INS

<u>VENDOR</u>	<u>BID PRICE</u>	<u>OPTIONAL EQUIPMENT</u>	<u>5 Yr Purchase</u>	<u>10 Yr Purchase</u>	<u>BID BOND C. CHECK</u>
Pape' Machinery	\$148,033 (\$296,066)				CASHIER'S CHECK
		All-Wheel Drive	\$ 81,500	\$44,500	
		12'x27" Moldboard	\$ 14,500	\$10,000	
		14'x24" Moldboard	N/A	N/A	
		Moldboard Ext.	\$ 300	\$ 150	
		CB Radio	\$ 350	\$ 175	
		Air Horn	\$ 250	\$ 125	
		Work Lights	N/C	N/C	
		Speedometer &	N/C	N/C	
		Tachometer	N/C	N/C	
		Front Scarifier	\$ 2,000	\$ 1,000	
		Rear Ripper	\$ 5,000	\$ 2,500	
		Front Dozer Blade	\$ 3,500	\$ 1,500	
		Manuals:			
		Service	\$ 0	\$ 0	
		Parts	\$ 0	\$ 0	
		Operators	\$ 0	\$ 0	
		Front Push Plate	\$ 600	\$ 300	
		Spare tire/wheel	\$ 600	\$ 300	
		Rear Roller	\$ 5,000	\$ 2,500	

Trade-in Units:

#93300 \$62,600  
#91301 \$62,600  
#91302 \$62,600

TOTAL BID \$108,266

Bid Opening: Thursday, April 17, 2003, at 10:15 a.m.

**BID RECAP**TWO (2), NEW, UNUSED, CURRENT MODEL MOTOR GRADERS WITH THREE (3) TRADE-INS

<u>VENDOR</u>	<u>BID PRICE</u>	<u>OPTIONAL EQUIPMENT</u>	<u>5 Yr Purchase</u>	<u>10 Yr Purchase</u>	<u>BID BOND C. CHECK</u>
Pape' Bros. Cat (NON-RESPONSIVE)	\$189,742 (\$379,484)	All-Wheel Drive 12'x27" Moldboard 14'x24" Moldboard Moldboard Ext. CB Radio Air Horn Work Lights Speedometer & Tachometer Front Scarifier Rear Ripper Front Dozer Blade Manuals: Service Parts Operators Front Push Plate Spare tire/wheel Rear Roller	\$80,000 \$12,500 N/A \$ 500 \$ 100 \$ 100 NC \$ 50 \$ 100 \$ 3,000 \$ 5,000 \$ 2,500 \$ 400 \$ 50 \$ 30 \$ 2,250 \$ 1,170 \$26,710	\$60,000 \$ 6,500 N/A \$ 250 \$ 0 \$ 50 NC \$ 0 \$ 50 \$ 1,000 \$ 2,500 \$ 500 \$ 0 \$ 0 \$ 0 \$ 650 \$ 0 \$ 0	COMPANY CHECK

Trade-in Units:

#93300 \$100,000  
#91301 \$100,000  
#91302 \$100,000

TOTAL BID \$79,484