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DEPARTMENT OF
FINANCE

PROCUREMENT SERVICES DIVISION

CITY OF SACRAMENTO
CALIFORNIA

October 6, 1998

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City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: INCREASE IN CONTRACT AMOUNT FOR BID NO. 1771 FOR THREE (3) SIZES OF AUTOMATED-LIFT REFUSE CONTAINERS

LOCATION AND COUNCIL DISTRICT: City-wide; All districts

RECOMMENDATION:

Staff recommends that City Council authorize the City Manager to increase the amount of the current contract, Bid No. 1771, for three (3) sizes of automated-lift refuse containers from \$200,000.00 to \$400,000.00 per contract year. This contract was awarded by City Council on March 3, 1998, to Otto Industries, Inc., 12700 General Drive, Charlotte, NC 28273.

CONTACT PERSONS: Gary Van Dorst, Solid Waste Planning Superintendent, 264-7561
Steve Alstrom, Senior Buyer, 433-6343

SUMMARY:

This report requests authorization to increase the current contract amount with Otto Industries, Inc. for automated-lift refuse containers from \$200,000.00 to \$400,000.00 per contract year.

FOR COUNCIL MEETING OF: October 6, 1998

BACKGROUND:

Each year, the Solid Waste operating budget approved by the City Council includes funding of \$150,000.00 to \$200,000.00 for ongoing replacement of refuse/garbage containers. Additionally, in April of 1998, City Council authorized an expenditure of \$200,000.00 on an annual basis for the purchase of various sized cans for the implementation of a variable, volume-based system.

In March 3, 1998, City Council awarded Bid No. 1771 to Otto Industries, Inc. in an amount not to exceed \$200,000.00 per contract year. This contract includes firm pricing for three (3) sizes of automated-lift refuse containers, 32-gallon, 64-gallon and 90-gallon capacity. Since award of this contract, and in the few weeks since advertising the availability of smaller-sized containers (July 1998 utility bill insert), over 4,000 customers have contacted Solid Waste with a request for a smaller-sized can.



At the beginning of this fiscal year, Solid Waste did not order any 90-gallon cans for routine replacement because they did not know how many 90-gallon cans coming back to them would be usable as customers switched to the smaller cans. In fact, fewer cans are coming back to them in repairable condition than they had originally anticipated. Solid Waste staff attributes this to the age of their automated system. At this point, Solid Waste finds it necessary to purchase 90-gallon cans for replacement purposes, in addition to the new smaller cans being purchased under the existing contract.

Because of the need to purchase more 90-gallon replacement cans than originally anticipated, the Solid Waste Division is requesting that City Council approve the requested increase in contract amount for Bid No. 1771 from \$200,000.00 to \$400,000.00 per contract year. This increase is permitted under the terms and conditions of the bid, which allow for contract increases and/or decreases, depending upon the needs of the City. Solid Waste staff will report back to City Council in greater detail on the implementation of the variable rate-based system in early December, 1998.

FINANCIAL CONSIDERATIONS:

Funds are available in the Solid Waste Division's budget line 415-310-3141-4499 for these replacement containers.

ENVIRONMENTAL CONSIDERATIONS:

Ongoing administrative and maintenance activities, such as purchases of supplies, equipment or materials which are not made for purposes of a public works construction project, do not constitute a "project" and are exempt from the California Environmental Quality Act (CEQA). CEQA Guidelines, Sections 15061(b)(1), 15378(b)(3).

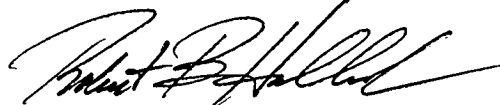
POLICY CONSIDERATIONS:

This recommendation is consistent with the requirements for competitive bidding as detailed in Title 57 of the Sacramento City Code.

MBE/WBE EFFORTS:

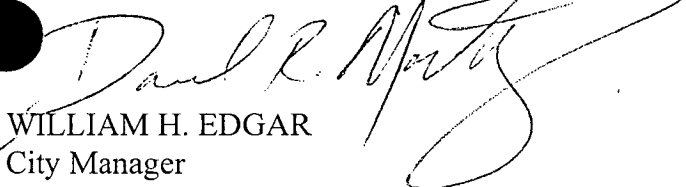
Requests for bid (RFB) were sent to twenty (20) vendors, one of which was a City-certified M/WBE firm. Of the five (5) responses received, one (1) was from this minority-owned business. Award was not recommended to this company because the bid did not meet specifications and was not the lowest bid after considering prompt payment discounts.

Respectfully Submitted,



Robert B. Holbrook
Procurement Services Manager

RECOMMENDATION APPROVED:



WILLIAM H. EDGAR
City Manager

