



# City Council Report

**Date:** November 9, 2015  
**To:** City Council  
**Through:** Alex Deshuk, Chief Innovation Officer  
**From:** Edward Quedens, MPA, C.P.M., CPPO, Business Services Director  
Matt Bauer, MBA, CPPO, CPPB, CPSM, Procurement Administrator  
**Subject:** Correction of the Award for the Purchase of One Replacement Front Loader with Box Scraper for the Water Resources Department **(Funded by the Utility Replacement Extension & Renewal Fund) (Citywide)**

## Purpose and Recommendation

Council is requested to approve a correction to the award for the Purchase of One Replacement Front Loader with Box Scraper as recommended.

The Fleet Services, and Water Resources Departments, and Purchasing recommend amending the award to Empire Southwest, LLC (a Mesa business) at \$106,193.71.

## Background / Discussion

On October 5, 2016, Council approved this purchase as recommended, to the lowest, responsive and responsible bidder, Empire Southwest, LLC (a Mesa business) at \$74,961.85. Staff used the Total Ownership Cost that included deductions for trade-in, 7-years repair and preventative maintenance, plus Sales Tax for this purchase recommendation.

Staff should have used Empire's Bid Price plus Sales Tax (\$106,193.71) for the recommendation. The difference is \$31,231.86. The Total Cost of Ownership price, which we will realize in time, does not change.

## Alternatives

Council may choose not to authorize the purchase and new responses will be solicited.

## Fiscal Impact

This purchase is funded by the Water Resources – Wastewater Utility budget through the Utility Replacement Extension & Renewal Fund.

## Coordinated With

Fleet Services, Water Resources, and Purchasing

## **PURCHASING INFORMATION**

Action: Award

Procurement Type: Request for Bids

Solicitation Number: 2016033

Vendors Registered: ProcureAZ (176) and Vendor Self Service (8)

Advertising: Arizona Republic, Bid Net, ProcureAZ and Purchasing Website

Responses: 2

Local Consideration: The Mesa bidder was already the lowest, responsive and responsible bidder. Calculating pricing by using Management Policy #214, removing 1.75% (Mesa TPT) for the purpose of bid evaluation was not necessary.

Protests Received: None

Contract Term: Two years from the award date

Additional Purchases: The City reserves the right to purchase additional small front loaders with a box scraper at the bid price for six months from the bid award date.

Pricing Available to Other Cooperative Agencies: Yes

## **August 19, 2015 Responses**

	Empire Southwest LLC Mesa, AZ	RDO Equipment Company Phoenix, AZ
Bid Price	\$98,282.00 (Recommended) *\$96,562.06 (Price less 1.75% Mesa TPT)	\$93,764.44
Calculated Life Cycle Cost / Total Ownership Cost	<u>\$69,377.00</u> *\$68,162.90 (Price less 1.75% Mesa TPT)	\$71,317.93

The Life Cycle Cost Method was used for the bid evaluation. The evaluated purchase price equals *bid price less the buy-back price at 84 months (or 2,000 hours) plus guaranteed maximum repair cost and tax*. The guaranteed maximum PM and repair cost will be considered to be an annuity with the bid amount reflecting the maximum PM and repair costs for each time-line item listed.

## **AWARD RECOMMENDATION**

***Empire Southwest, LLC.***  
**Mesa, AZ**

Description	
Quantity One – 2015 or Newer Front Loader with Box Scraper (CAT 415F2) per Terms and Conditions, Specifications and Pricing as offered	
Base	\$98,282.00
8.05% Sales Tax	<u>\$7,911.71</u>
<b>Total</b>	<b><u>\$106,193.71</u></b>
<u>One</u> Replacement Vehicle for Water Resources – Wastewater Utility funded by the Utility Replacement Extension & Renewal Fund to replace #237.	