RESOLUTION - ACTION REQUESTED 2020-386

MEETING: July 7, 2020

TO: The Board of Supervisors

FROM: Mike Healy, Public Works Director

RE: Authorize a Lease to Own Agreement for a Wheel Loader at Solid Waste

RECOMMENDATION AND JUSTIFICATION:

Approve a Lease to Own Agreement with Holt of California for a Caterpillar Model 926M Wheel Loader for the Landfill; and Authorize the Public Works Director to Sign the Agreement.

The Public Works Fleet Division solicited Lease to Own contract options and pricing available to governmental units from various manufacturers of Wheel Loader equipment including dealers of Case, John Deere and Caterpillar all of whom produce equipment that meets the heavy demand needs of a Landfill Use Application. The Wheel Loader that this procurement will replace is a 2006 Caterpillar Loader which has both reached it’s useful life expediency for this equipment in this type of harsh Landfill environment.

The current Loader Unit has become a consumer of frequent maintenance over the past two years primarily due to the harsh use environment it operates within. Frequently we find ourselves needing to rent or borrow this equipment to meet the operational needs. Currently we face an estimated $8,000 to $10,000 repair estimate for this equipment which in our view is well beyond it’s economically wise repair life. Given the recent repair history no longer meets and semblance or reliability or dependability.

A Wheel Loader is critical to our allowing customers to deposit their trash in the house and at the Recycling Center as opposed to having to drive up the hill to dump near the landfill face. It also is heavily used on a daily basis to move materials to organized heavy material piles, load trucks and to organize bulky materials.

BACKGROUND AND HISTORY OF BOARD ACTIONS:
The Board has Approved Lease to Own Agreements in the past for heavy Equipment most recently the Lease to Own Agreement for the D6 also at the Landfill.

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:
Should this not be approved we will be forced to either rent or invest in the
Resolution - Action Requested 2020-386

machine that arguably is not worth a continual maintenance investment. The cost to rent this equipment is currently $5,000.00 per month or $60,000.00 annually as opposed to a Lease to Purchase cost of $3,381.79 per month plus tax and we have ownership in five (5) Years.

FINANCIAL IMPACT:
Although this will become a new encumbrance for the next 5 years this agreement there will be a savings in rental fees of roughly $80,000 over the term of the Lease to Purchase Agreement.

ATTACHMENTS:
Holt of CA Wheel Loader Propsal (PDF)
Holt of CA Wheel Loader Propsal Detail (PDF)

RESULT: ADOPTED [UNANIMOUS]
MOVER: Miles Menetrey, District V Supervisor
SECONDER: Rosemarie Smallcombe, District I Supervisor
AYES: Rosemarie Smallcombe, Marshall Long, Miles Menetrey
EXCUSED: Merlin Jones, Kevin Cann