



AGENDA REPORT

Public Works

DATE:	February 4, 2025
TO:	Mayor Martinez and Members of the City Council
FROM:	Daniel Chavarria, PE, Director of Public Works Mary Phelps, Water Resource Division Manager
Subject:	Resolution to Approve a Contract with Owen Equipment Sales for the Outstanding Balance and Service Charges
FINANCIAL IMPACT:	The proposed expenditure of \$114,711.78 will be funded from the Fiscal Year 2024-25 Water Resource Recovery Division Budget in the following account strings: 40322931-400705-03C04 \$16,068.52 40322631-400287 \$6,212.66 40623431-400202 \$92,430.60
PREVIOUS COUNCIL ACTION:	September 21, 2021 April 19, 2022
STATEMENT OF THE ISSUE:	Staff is approval for a new contract with Owen Equipment Sales as the previous contracts with the company expired before full payment could be processed. A new agreement is required to facilitate the completion of the outstanding payment.
RECOMMENDED ACTION:	ADOPT a resolution approving a new contract with Owen Equipment Sales for the outstanding balance and service charges from the purchase of the two Vactor Trucks, and the outstanding invoices and service charges for the Street Sweeper Lease, in an amount not to exceed \$114,711.78 - Public Works Department (Mary Phelps 510-621-1269/Daniel Chavarria 510-620-5478).

DISCUSSION:

On September 21, 2021, the City Council awarded a contract to Owen Equipment Sales for the purchase of one (1) Vactor Model 2100i with Hydro-Excavation Package in the amount of \$529,683.81 and one (1) Vactor Model 2100i without Hydro-Excavation Package in the amount of \$525,223.68 for a total purchase price not to exceed \$1,054,907.49 which was fully funded and budgeted in Fiscal Year (FY) 2021-2022 (Attachment 3).

The Vactor trucks were not delivered until December 2022 due to an approximate 15-month construction and delivery timeline. Upon delivery, the total purchase price for the two (2) Vactor trucks amounted to \$1,070,976.01, which exceeded the approved contract amount of \$1,054,907.49 by \$16,068.52.

Upon receipt of the invoices, dated December 22, 2022, City staff reached out to Owen Equipment Sales to inquire about the cost increase, as no contingency was included in the contract. Staff requested that Owen Equipment Sales waive the price increase, citing a lack of prior notification. However, Owen Equipment Sales referenced the original agreement, which indicated that potential shipping delays, exacerbated by COVID-19, could result in price increases.

The Department experienced several staffing changes, including the retirement of key personnel, during an exceptionally busy work period in which the June 30, 2023, expiration date of the Original Contract passed without notice.

In addition to paying the outstanding balance from the purchase of the two (2) Vactor Trucks at \$8,034.26 each for a total of \$16,068.52, the City must settle the associated service charges in the amount of \$6,212.66 (Table 1).

TABLE 1 – Vactor Trucks					
Particulars	Invoice No.	Invoice Date	Funded Amount	Invoice Amount	Balance
(a) Vactor with Hydro-Excavation	58559	02-16-2023	\$ 525,201.18	\$ 533,235.44	\$ 8,034.26
(b) Vactor without Hydro-Excavation	58561	02-16-2023	\$ 529,661.31	\$ 537,695.57	\$ 8,034.26
(c) Service Charges	24020001	02-29-2024	None	\$ 6,212.66	\$ 6,212.66

In a separate matter, the City Council, on April 19, 2022, awarded a contract to Owen Equipment Sales to lease one (1) Street Sweeper for a two (2) year lease agreement with one (1) year option to renew at a rate of \$10,200 per month, plus tax and environmental fees fully funded and budgeted in FY 2021-2022. This was due to a street sweeper being out of service for more than two years.

The contract had the option to renew for one year at the same rate. However, due to an administrative staff shortage, the contract expired on February 28, 2024, without being

renewed. The City continued to use the sweeper through October 2024. Owen Equipment Sales allowed the City the use of the Street Sweeper with the expectation to be paid in full according to the terms of the previous lease agreement (Attachment 4).

Therefore, City staff is seeking approval to pay the outstanding lease balance of \$79,698.34 and the associated service charges amount of \$12,732.26 for total amount of \$92,430.60 (Table 2).

TABLE 2 – Street Sweepers			
Particulars	Invoice No.	Invoice Date	Invoice Amount
Lease Balance	63482	05/03/2024	11,212.01
	63739	05/24/2024	11,212.01
	64014	06/21/2024	11,212.01
	64279	07/19/2024	11,212.01
	64616	08/16/2024	11,212.01
	64910	09/13/2024	11,212.01
	65101	10/04/2024	1,214.27
	65191	10/11/2024	11,212.01
Total			\$ 79,698.34
Service Charges	23030001	03/31/2023	577.39
	23040001	04/28/2023	577.39
	23050001	05/31/2023	241.03
	23060001	06/30/2023	409.21
	23070001	07/31/2023	577.39
	23080001	08/31/2023	409.21
	23090001	09/29/2023	577.39
	23100001	10/31/2023	745.57
	23110001	11/30/2023	913.75
	23120001	12/31/2023	557.90
	24010001	01/31/2024	241.03
	24030001	03/29/2024	829.19
	24040001	04/30/2024	997.37
	24050001	05/31/2024	746.60
	24060001	06/28/2024	1,082.96
	24070001	07/31/2024	1,251.14
	24080001	08/30/2024	914.78
	24090001	09/30/2024	1,082.96
Total			\$ 12,732.26

To ensure the payment of the outstanding balance amount of \$16,068.52 and service charges amount of \$6,212.66 from the purchase of the two (2) Vactor Trucks, and the outstanding invoices amount of \$79,698.34 and service charges amount of \$12,732.26 for the Street Sweeper Lease, staff is requesting City Council’s approval to authorize a

new contract with Owen Equipment Sales for an amount not to exceed \$114,711.78 (Attachment 1 and 2).

In conclusion, the requested action will provide the necessary authorization to process the invoices for the purchase, lease agreement and service charges to ensure the City complies with all contractual obligations, allowing the purchase and lease agreement to be closed out and payments to be made.

TABLE 3 – Summary		
Particulars	Account String	Amount
Vactor Trucks - Balance	40322931-400705-03C04	\$16,068.52
Vactor Trucks - Service Charges	40322631-400287	\$6,212.66
Street Sweeper - Lease Balance	40623431-400304	\$79,698.34
Street Sweeper – Service Charges		\$12,732.26
	GRAND TOTAL	\$114,711.78

ATTACHMENTS:

- Attachment 1 – Resolution
- Attachment 2 – New Contract
- Attachment 3 – Vactor Trucks Contract #5768 (expired June 30, 2023)
- Attachment 4 – Street Sweeper Contract #6244 (expired February 28, 2024)
- Attachment 5 – Owen Equipment Invoice