



CITY OF MENIFEE

SUBJECT: Street Sweeping Equipment Lease Extension and Equipment Purchase

MEETING DATE: December 7, 2022

TO: Mayor and City Council

PREPARED BY: Kristen Jensen, Financial Analyst

REVIEWED BY: Nick Fidler, Public Works Director

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Authorize the City Manager to exercise the option to continue to lease street sweeping equipment from Kellar Equipment on a month-to-month basis per the existing lease agreement and beginning January 1, 2023; and
2. Approve the purchase of a used 2016 TYMCO 600 Series CNG Street Sweeper in an amount not-to-exceed \$246,687.50 including taxes, title transfer fees and delivery, and authorize the City Manager to issue a purchase order in support of the purchase; and
3. Authorize the purchase of this equipment pursuant to City of Meniffee Municipal Code Section 3.12.070 A (4), waiving formal bidding requirements under the Purchasing Officer's determination that due to the nature of the equipment, formal bidding is not likely to result in a lower price; and
4. Approve a budget adjustment resolution appropriating \$250,000 from General Facilities Development Impact Fee Fund 524 available fund balance to Account 524-4550-53155 for the purchase of the street sweeping equipment and payment of any title transfer fees.

DISCUSSION

The City of Meniffee is responsible for administering a street sweeping program to comply with the requirements of the National Pollutant Discharge Elimination System (NPDES) permit by removing pollutants, debris and sediments on the City streets which otherwise might enter the storm drain system. Prior to City incorporation, the street sweeping services for existing streets within the Meniffee community were provided and managed by the County of Riverside through County Service Area 152 (CSA 152); a Special Assessment District which levies annual assessments via property taxes to fund the sweeping services within these boundaries. Streets

originally included in CSA 152 continue to be serviced through the County's current street sweeping contractor.

The Public Works Operations Division have been renting sweeping equipment and performing in-house street sweeping services in areas of City's responsibility since mid-August. The original equipment lease agreement attached was entered into on August 8, 2022, on a month-to-month basis, and at a rate of \$12,500 per month (plus any applicable state or local taxes). On September 21, 2022, Council approved the extension of this agreement through December 31, 2022, to allow staff to comprehensively evaluate the most cost-effective approach for providing services into the future.

Over the past several months, Public Works staff has continued to provide street sweeping services in City serviced areas. Data collected during that period was assessed and used to evaluate options for continuing to provide sweeping service into the future. At the November 16, 2022, City Council meeting, the following three options for continued street sweeping were presented for discussion:

Option No. 1 - Continue in-house provision of street sweeping services with rented equipment.

Option No. 2 - Continue in-house provision of street sweeping services and purchase new or used sweeping equipment.

Option No. 3 - Contract with Clean Streets to provide street sweeping services to City areas of responsibility by "piggy-backing" from the County's recently awarded contract.

Following staff's presentation of the options above, it was the consensus of the City Council that staff return with a recommendation for implementation of Option No. 2 to continue providing sweeping services in-house. This option, as discussed, included moving forward with the purchase of a used street sweeper immediately, eliminating the high monthly cost of renting equipment, and consideration for purchase of a new street sweeper through the FY 2023/2024 budget process.

Staff has researched several heavy equipment auction sites and inquired with several sweeper manufacturers in seeking used equipment that met the following equipment needs of the City:

1. Equipment purchased must be a model 2016 or newer to ensure that four years of useful life can be expected from the equipment, as sweeping equipment have a useful life expectancy of 10 years. This is critical as the equipment would be used daily as a front line vehicle for a minimum of two years while the purchase of new sweeping equipment is considered and, if approved for purchase, manufactured. The used sweeper would continue to serve as a reserve vehicle for emergency use and as back-up for any new sweeper added to the fleet for its remaining useful life.
2. Equipment must be a compressed natural gas (CNG) alternative fuel vehicle to maintain compliance with current Air Quality Management District (AQMD) rules related to use of heavy-duty on-road fleet vehicles.

3. Expedited delivery of the equipment is also critical as the lead time for delivery determines the City's ability to eliminate ongoing rental costs and preserve existing operational sweeping budgets. Current budgets were established for FY 2022/2023 based on the less expensive, non-prevailing wage rate contracts.
4. A warranty must be provided for the equipment.

While used street sweeping equipment is available, most of the used equipment inventory available for resale has exceeded the useful life of 10 years and does not meet AQMD alternative fuel requirements for municipal fleet use.

Staff was successful in locating a single vendor, TYMCO, who currently has two used 2016 TYMCO 600 Series CNG Street Sweepers available that were previously utilized by a municipality and have been maintained and serviced regularly. TYMCO has expressed that due to the demand for sweeping equipment, there are several potential buyers currently inquiring about these two units. The attached quote from TYMCO provides purchase of one of the available units for the total purchase price of \$246,687.50, including taxes, title transfer, and delivery fees.

Given the challenge of locating used sweeping equipment that meets the City's current needs, the ability to purchase one of these TYMCO units is a timely opportunity. Due to the uniqueness of the TYMCO used equipment in meeting the City's requirements, and current availability of equipment, the purchase is being recommended absent of formal bidding pursuant to the City of Menifee Municipal Code Section 3.12.070 A (4) which states:

A. The bidding requirements set forth in this chapter may be waived, at the discretion of the Purchasing Officer, when any of the following is applicable:

(4) "The Purchasing Officer determines that due to the nature of the supplies or equipment, formal bidding is not likely to result in the lowest price"

The City Manager, as the Purchasing Officer, has reviewed the details of this equipment purchase request and is in support of procuring this equipment absent of conducting a formal bid process, pursuant to the Municipal Code Section above.

Until such time as a street sweeper is purchased, the currently leased street sweeper is needed to ensure continuity of street sweeping services. The current lease agreement expires on December 31, 2022; however, the agreement does allow for the lease to be extended on a month-to-month term beyond that date. If the purchase of the used 2016 TYMCO street sweeper is approved, staff anticipates delivery of the unit within 60-days. Once the street sweeper equipment has been purchased, delivered, and is actively in service, the rented sweeper unit would be returned, and the lease agreement terminated.

STRATEGIC PLAN OBJECTIVE

Responsive and Transparent Community Government

FISCAL IMPACT

There is no general fund fiscal impact associated with this item. Funding to support the extended rental of the street sweeper equipment is available in approved FY 2022/2023 Gas Tax operating budget in Street Sweeping account 200-4552-52700 and would be \$12,500 per month. The purchase of a used street sweeper is an eligible expense for use of General Facilities Development Impact Fee (DIF) funds, Fund 524. The attached Budget Adjustment Resolution (BAR) would appropriate \$250,000 from General Facilities DIF available fund balance to support all costs associated with the purchase and delivery of one used street sweeper, within Account# 524-4550-53155. Associated maintenance costs (fuel, repairs, etc.) would be incorporated as part of the annual fleet maintenance budget.

ATTACHMENTS

1. Mar-Co Equipment Company Quote #0822060
2. Original Kellar Equipment - Lease Agreement (1-month lease)
3. Lease Agreement Extension
4. Budget Adjustment Resolution (BAR)