

Board of County Commissioners

Agenda Request

Date of Meeting: February 1, 2010

Date Submitted: January 27, 2010

To: Honorable Chairman and Members of the Board

From: Benjamin H. Pingree, County Administrator
Cleve Fleming, Public Works Project Director

Subject: Request Board Approval to Negotiate for the Purchase of Five New Graders from Low Bidder, Flint Equipment

Statement of Issue:

This agenda item requests Board approval to negotiate for the purchase of five new graders from Flint Equipment who was the apparent low bidder.

Background:

Since 1990 the Board has purchased the fleet of road graders from Ring Power that provided a total cost program for repairs and a guarantee buy back for the graders after five (5) years or 6,500 hours which ever comes first. This program of changing out the grader fleet ever five (5) years ensures that the County could meet the maintenance needs for the 250 miles of dirt roads that are regularly graded. Prior to 1990, the graders were kept in service well past the economical service life of the equipment thus incurring expensive repairs.

At the December 8, 2009 Board Meeting, the Board approved to move forward with the bidding process for five (5) graders and exercising the buy back option for the current graders. Staff prepared the bid document and it was approved by the County Attorney for advertisement.

On January 17, 2010, Wakulla County Bid #2009-022 was advertised in the Tallahassee Democrat and on the County website. The technical questions were due by January 22nd and responses were due to the vendors by January 25th. The bid responses were opened on January 27, 2010 in the Commissioner's Complex.

Analysis:

There were three qualified bidders that submitted bids for the motor graders. They are as follows:

- Flagler Construction: \$482,000.00
- Ring Power: \$420,201.00
- Flint Equipment \$360,471.50

Staff is requesting Board approval for the Public Works Department to negotiate an agreement with Flint Equipment, the low bidder, for the purchase and financing of these graders. This procurement method has been used in the past to obtain this type of equipment for the County

and have included but were not limited to the following: buyback price for used equipment; amount of down payment from available fund sources; interest rate for contract; and monthly installment amount, in an effort to ensure the County obtains the most cost feasible arrangement.

Subsequently, staff will bring back the negotiated agreement for Board's consideration and approval at a future Board meeting. It is anticipated that the following issues noted below will be negotiated between the vendor and the County and included in the finalized contract.

- Delivery Schedule –The delivery schedule will be determined during the negotiations. The bid stated a 60-day timeframe for delivery. However, this will need to be negotiated, based on the available inventory, with the contractor and included in the finalized contract. There will be no downtime during the transition from the current grader fleet to the new grader fleet. Penalties will be imposed on the contractor for rental costs incurred if there is an extraordinary delay in delivery of the new grader fleet.
- Down payment –The previous contract with Ring Power allowed for \$100,000 per unit for buyback. Any repair costs to the current grader fleet will be subtracted from the current buyback amount. Also, if the current grader fleet needs to be rented for an additional amount of time while the new graders are being delivered, those rental costs will also be deducted from the buyback amount received from Ring Power. The actual repair and potential rental costs are unknown at this time.

The final buyback amount the County receives from Ring Power will be used towards the down payment on the new graders. Additionally, \$50,760 was set aside for a grader payment in the CIP for this fiscal year. This payment will also be included to the down payment and applied to amortization schedule.

- Terms - the current terms John Deere has to offer is four years at an interest rate of 2.95%. This is the current interest rate at the time of this agenda item. This rate could fluctuate, but it is anticipated to remain below 3%. The final terms of the finance charges will be determined during the negotiations and included in the finalized contract brought back to the Board for approval.

The County Administrator and County Attorney will review and approve the contract prior to being brought back to the Board for approval. There is funding available in Fund 160, 2 cent local option gas tax CIP Account 160-0200-541-641-000.

Options:

1. Approve staff to negotiate for the purchase of five new graders from Flint Equipment.
2. Do not approve staff to negotiate for the purchase of five new graders from Flint Equipment.
3. Board Direction.

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Recommendation:

Option #1

Attachments:

1. Bid #2009-022
2. Bid Tabulation Sheet