



COUNTY OF HUMBOLDT

For the meeting of: 2/19/2019

File #: 19-209

To: Board of Supervisors

From: Public Works

Agenda Section: Consent

SUBJECT:

Lease/Purchase of One 2019 Gradall XL 3100 V Excavator, Authorization to Enter into Lease/Purchase Agreement and Declare Equipment Surplus (4/5 Vote Required)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Authorize the lease/purchase of one Gradall Excavator;
2. Authorize the Purchasing Agent to enter into lease/purchase agreements with Umpqua Bank;
and
3. Declare one 1988 Gradall G3WD Excavator as surplus.

SOURCE OF FUNDING:

Roads Heavy Equipment 3540330

DISCUSSION:

The Humboldt County Public Works, Road Heavy Equipment Division is requesting authorization to enter into a lease agreement for one 2019 Gradall XL 3100V Excavator. The 2019 Gradall will replace the existing non-California Air Resource Board (CARB) compliant 1988 Gradall, with CARB compliant equipment. The cost to fix the older unit has progressively increased due to the lack of availability of replacement parts. Should the Board choose to declare the 1988 Gradall as surplus, it will be cannibalized and used as parts for the current fleet. The replacement unit will meet the requirements of the Equipment Fleet On-Road Diesel Emission Regulations mandated by the State of California.

On Oct. 25, 2018, the Public Works Roads Department received one quote from Pape Machinery, a member of the National Joint Powers Alliance (NJPA). Public Works intends to sole source the equipment under the NJPA provision. The total quoted sales price including taxes and fees is \$404,363.

Financial Pacific Leasing, Inc., d.b.a. Umpqua Bank Equipment Leasing & Finance, a subsidiary of Umpqua Bank, has financed previous lease/purchases for Humboldt County Public Works, Road Heavy Equipment Division and is the most competitive financing option. The amount to be financed

for the Gradall Excavator including the sales tax, shipping, and license fee are not to exceed \$404,363 in total. The financing term will be for 60 months at 4.37 percent interest.

FINANCIAL IMPACT:

In FY 2018-19 Heavy Equipment allocated \$287,061 in 3540330-2320 Lease/Purchase-Equipment for the purpose of financing new equipment. The projected monthly payment on the equipment is \$7,700. Equipment is expected to arrive within 60-90 days of signature date, the maximum cost for the remainder of the fiscal year is \$23,100 and \$92,400 annually for the remainder of the 5-year lease/purchase. On July 31, 2018, the Board approved the lease/purchase of two Motor Graders and one Loader. The two Motor graders arrived late in December, resulting in an unanticipated savings of \$35,050 for Fiscal Year 2018-19. Heavy Equipment, intends to utilize the savings to finance the purchase of the 2019 Gradall.

The monthly lease payment for the new equipment is allocated in the approved budget for FY 2018-19. Future payments will be budgeted annually during the budget process from fund 3540, which has a current cash balance as of Feb. 5, 2019, of \$821,340. The new lease begin and end dates are dependent on when the equipment is received. The monthly payments for the equipment will be made from Roads Heavy Equipment (3540330). There is no impact to the General Fund.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by managing our resources to ensure sustainability of services .

OTHER AGENCY INVOLVEMENT:

None

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could deny these purchases. This is not recommended because it would result in the continuing shortage of equipment required for road maintenance

ATTACHMENTS:

Umpqua Equipment Proposal

PREVIOUS ACTION/REFERRAL:

Board Order No.: C-32
Meeting of: July 31, 2018
File No.: N/A