



CITY OF SAINT PAUL

ALASKA

MEMORANDUM TO COUNCIL

TO: Mayor and City Council Members

FROM: Phillip A. Zavadil, City Manager

CC: Aubrey Wegeleben, City Clerk; Stephanie Mandregan, Finance Director

DATE: December 8, 2023

RE: Resolution 23-25 – A Resolution Authorizing an Exception to the Competitive Bidding and/or Pricing Quotes for the City of Saint Paul to Purchase Heavy Equipment

SUMMARY: Resolution 23-25 approves an exception to the competitive bidding and/or pricing quotes for the City of Saint Paul to purchase heavy equipment.

PREVIOUS COUNCIL ACTION: None.

BACKGROUND AND DISCUSSION: The City has received a grant from the US Environmental Protection Agency (EPA), Grant Number 02J44501 for the Aalax Landfill Development Project, which is to develop a new landfill at the Aalax site near Polovina Hill, which will include new landfill cells, fencing, signage, equipment building, access road and purchase of equipment for solid waste management including new burn boxes, heavy equipment, and drop boxes.

The exiting landfill equipment is limited to the Caterpillar 325 excavator which does not belong to the refuse utility and is near the end of life and the Caterpillar 293 skid steer which is too small to move debris and cover material.

The City administration and landfill operator worked with NC Machinery to identify effective, efficient and cost-effective landfill equipment to use at the Aalax Landfill and determined the Caterpillar 963 track loader with 5.2 cubic yard waste handling bucket and 8' pallet forks are the best options. See the following links on Loader:

- [Link to 963 specs and pictures: https://www.cat.com/en_US/products/new/equipment/track-loaders/track-loaders/117641.html](https://www.cat.com/en_US/products/new/equipment/track-loaders/track-loaders/117641.html)
- [YouTube: https://www.youtube.com/watch?v=c_H6_9YwLU](https://www.youtube.com/watch?v=c_H6_9YwLU)
- [YouTube: https://www.youtube.com/watch?v=jTVNNIom9gc](https://www.youtube.com/watch?v=jTVNNIom9gc)

NC Machinery authorized dealer for Caterpillar for Alaska and has exclusive and protected rights to sell Caterpillar equipment in Alaska.

Additionally, the City administration and landfill operator identified a Caterpillar 313 excavator as an ideal size to operate at the new landfill. However, when requesting other quotes from other manufacturers Volvo offered more of a discount on a 140 excavator, which is resulting in nearly a \$100,000 savings for the same size excavator.

I reached out to Yukon Equipment for a price on Case CX140 excavator but they have not responded to the request.

The discounted quotes are based on Sourcewell and AKDOT contracts which have been competitively bid. The City would not be able to come near the same level of discount or purchasing power on a one-off bid if done on its own. Additionally, the shipping logistics to Saint Paul Island are a challenge and it is most cost effective to ship the Loader out of Seattle, Washington.

Approving sole source purchasing is estimated to save the City hundreds of thousands of dollars in limited public funds.

ALTERNATIVES: Council could choose not to approve this resolution and require the City administration to seek competitive bids.

FINANCIAL IMPLICATIONS: Based on the Sourcewell contracts being used we see a cost savings of approximately 20% on Caterpillar and 40% on Volvo equipment.

LEGAL: N/A.

ADMINISTRATION COMMENTS AND RECOMMENDATION: Administration recommends approval of this resolution.

PROPOSED MOTION: I move to approve Resolution 23-25.

ATTACHMENTS: Resolution 23-25, NC Machinery Quote for CAT 963 Track Loader, CMI Quote for Volvo EC140 Excavator