



MEMORANDUM

TO: SLDMWA Finance & Administration Committee Members, Alternates
SLDMWA Board of Directors, Alternates

FROM: Pablo Arroyave, Chief Operating Officer

DATE: April 3, 2023

RE: Authorization to Purchase Dump Truck and Related Expenditure of Up To \$230,000 from EO&M Budgets

BACKGROUND

The acquisition of heavy equipment and vehicles for the Authority has become increasingly difficult due to supply chain issues and the prices of equipment have increased between 20% to 30%. Even at the increased cost, there is only limited availability from the manufacturers. During FY23, Water Authority staff made several attempts to enter into a contract with vendors for the purchase of a dump truck, however, staff was advised on several occasions that there was no availability due to supply chain issues.

During March 2023, one of our regular vendors notified us that they had a model year 2024 dump truck available with government pricing discounts; the total price is approximately \$227,000, which is approximately \$42,000 (23%) over the projected and budgeted cost of \$185,000.

ISSUE FOR DECISION

Whether the Board of Directors should authorize the purchase of the dump truck and related expenditure of \$185,000 from the FY24 EO&M budget, and up to \$45,000 from previous EO&M budgets.

RECOMMENDATION

Staff recommends that the Board of Directors authorize the purchase and budget expenditure.

ANALYSIS

Articles 1.1(b) and 4.5 of the Water Authority's Consolidated Procurement Policy govern the execution of contracts, and require Board authorization for purchases over \$200,000. Staff seeks authorization to purchase the dump truck in advance of identifying the specific vendor. Staff will utilize cooperative purchasing agreement procurement (competitive solicitation), with vendor selection (Kenworth, Peterbilt, Western Star, or Freightliner) occurring at the time of contract, depending on availability.

BUDGET IMPLICATIONS

Although the anticipated expenditure represents an increase of \$42,000 over the budgeted line item, there will be no impact to the overall FY24 EO&M budget. The increase will be paid for using unused EO&M funds collected for heavy equipment and vehicle purchases over the last 3 fiscal years.