



**City of Prineville**  
**DEPARTMENT OF PLANNING & COMMUNITY DEVELOPMENT**  
**STAFF REPORT**

---

**Date:** September 23, 2008  
**To:** Prineville City Council  
**From:** Ricky Sites, Community Development Director  
**Through:** Dan Lovelady, Railway Manager

**Resolution: Use of City Employees and Equipment for Freight Depot work**

The City is working to maximize the Connect Oregon I and II funds for construction of the Freight Depot. Oregon law permits cities to perform their own work with employees and city owned equipment if the public improvements can be constructed at the least cost in this manner. Portions of the Freight Depot project (roads, site work, on-site water lines and grading) are items that are typically performed as public works functions, have been identified for efficient use of public funds on the Freight Depot project.

The City Council is required to approve the use of City staff, purchasing and equipment by Resolution. The Resolution identifies the areas of savings to be realized.

**Staff Recommendation:**

The staff recommends the Council adopt Resolution No. 1087 to approve use of City Employees and Equipment to perform construction on portions of the City of Prineville Freight Depot.

## **RESOLUTION NO. 1087**

### **A RESOLUTION APPROVING USE OF CITY EMPLOYEES AND EQUIPMENT TO PERFORM CONSTRUCTION ON PORTIONS OF THE CITY OF PRINEVILLE FREIGHT DEPOT**

WHEREAS, it is the policy of the State of Oregon that contracting agencies shall make every effort to construct public improvements at the least cost of the contracting agency, and

WHEREAS, it is the policy of the City of Prineville to maximize the efficient use of public resources and the purchasing power of public funds, and

WHEREAS, Oregon law allows public contracting agencies to perform construction work using the contracting agency's own equipment and personnel if the contracting agency can construct public improvements at the least cost to the contracting agency;

NOW THEREFORE, the City of Prineville makes the following findings of fact in relation to the use of City of Prineville personnel and equipment to perform work in constructing portions of the City of Prineville Freight Depot:

- Wages for City employees performing construction work are less than the prevailing wages required by the State of Oregon for contractor's employees performing the same work on construction projects;
- Liability insurance, bid bond, performance bond, and payment bond are required by a contractor contracting to perform work for the City of Prineville, but would not be required if City employees and equipment are used for the project;
- No additional administrative support personnel are required to support City employees, but would be required to support contract personnel;
- City fuel purchases are exempt from taxes, whereas contractor fuel purchases are not;
- Gravel and other construction materials purchased under government contracts would be less costly than gravel and construction materials purchased by contractor;
- Large equipment to be used on the project is currently owned City inventory; whereas the contractor may have to rent equipment;
- The City will not incur travel or mobilization costs as the construction site is on City property; whereas a contractor would incur travel costs and costs of mobilization;
- Except for additional employee time and equipment use, there will not be any costs for changes in the scope of work if the City is providing employees and equipment; whereas a change order with a contractor will also include contractor's profit and overhead in addition to the cost increase due to the changed scope of work;

- City employees can perform the necessary work as needed and when not needed, perform their regular duties; whereas a contractor would have to pay employees for downtime in cases where construction on the project needed to be stopped for any reason.

BASED UPON the above findings the City of Prineville concludes that using City employees and equipment to construct portions of the Prineville Freight Depot will result in the least cost to the City of Prineville.

Dated September \_\_\_\_\_, 2008.

\_\_\_\_\_  
Mike Wendel, Mayor

ATTEST:

\_\_\_\_\_  
Wayne Van Matre, Interim City Manager/Recorder