Council Meeting of
August 11, 2009

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: General Services/Public Works – Authorize Sole-source Purchase Order to furnish two (2) 2010 CNG-fueled Peterbilt/Heil Automated Side-Loader Refuse Trucks

Expenditure: $667,414.08 (including sales tax and tire fees)

RECOMMENDATION

Recommendation of the General Services Director and Public Works Director that City Council:

a) Authorize the sole-source purchase of two (2) 2010 CNG-fueled Peterbilt/Heil 7000 Automated Side-Loader Refuse Trucks from Rush Peterbilt Truck Center of Pico Rivera, CA in the amount of $667,414.08, including sales tax and tire fees.

b) Appropriate and transfer $667,414.08 from the Sanitation Enterprise Fund balance to the Fleet Services Vehicle and Equipment Revolving Replacement Fund.

Funding

Funding is available from the Sanitation Enterprise fund balance

BACKGROUND/ANALYSIS

South Coast Air Quality Management District's (AQMD) Fleet Rule # 1193 prohibits the City from purchasing new diesel-powered Refuse Trucks. Because of this rule, staff recommends acquisition of new Refuse Trucks fueled by CNG.

Since June 18, 2007 the Public Works Department has been operating a pilot program for the collection of green waste. Currently, 4,000 homes in 4 different areas of the city are participating. The program has been very successful, averaging an increase in recycling collection of 28%. There is also a

great deal of public support and interest in the program. The City just received the second green waste truck in July 2009, which will allow us to expand the program by an additional 4,000 for a total of 8,000 homes. The delivery time form placement of order and delivery is approximately six (6) to eight (8) months. In order to maintain momentum Staff is requesting the purchase of two (2) trucks to increase the program to 16,000 homes. Both labor and operating costs of the two (2) CNG vehicles that have been delivered have been absorbed in the department's operating budget. Staff is re-evaluating how the refuse fees are structured as well as cost recovery as the costs for waste disposal and transfer costs continue to rise as local landfills are reaching capacity. Staff is re-evaluating how the refuse fees are structured as well as the cost recovery. Staff will return to Council when this analysis is completed.

A Sole-Source Purchase is allowable under section 22.3.17 of the City's Municipal Code which states:

"a) The provisions of this Article will not apply to purchases of sole-source services or property, which purchases will be made in accordance with such procedures and regulations as will be established by the City Manager.

b) For purposes of this Section, "sole-source purchases" means those purchases where it would be undesirable or impossible for the City to advertise for bids for particular work or for patented items, or experimental or unique services or products, or where competitive purchases would be unavailable or would not prove advantageous for the City. No sole-source purchases may be made where to do so would show favoritism, improvidence, extravagance, fraud or corruption, or result in the waste of public funds, but may be used only to obtain the best economic result for the public."

Staff recommends Sole-Source Purchase (Rush Truck Center) and Brand-Specific (Peterbilt/Heil) for the following reasons:

a. Standardization; The City's established Refuse Truck standard over the last two decades has been the Peterbilt brand chassis and Heil brand truck body combination. Both are industry giants. There are other brand names in the industry, but none as strong as these brands. Historically, in the Sanitation industry, many truck manufacturers have come and gone, leaving customers with trucks that cannot be supported with original equipment manufacturer (OEM) resources.

b. Maintenance and Support: Parts inventories for a mixed fleet result in higher maintenance expenditures by increasing on-hand stock requirements as well as placing more demands on warehouse management resources. Also, local factory authorized warranty and repair services through Rush Truck Center reduce equipment down time.

c. Competitive Pricing: Pricing for these trucks is identical to what the City of Torrance paid for our most recent CNG Refuse Truck acquisition from this same vendor (PO # 2009-00000601 dated 12/23/08).

The maintenance of these vehicles, which is unique to this technology, will continue to be dealt with through best practices already in place at Fleet Services. Should the Fleet Services facility be upgraded to meet fire and safety standards required for indoor maintenance of natural gas vehicles, staff will continue to perform maintenance services outdoors, and when necessary, outsource certain tasks to qualified commercial establishments.

Should the natural gas fleet continue to grow, Staff will evaluate the cost-benefit of facility conversion to provide for at least one Fleet Services work bay in which these vehicles can be maintained entirely with in-house resources.

The City is currently in negotiations to provide a CNG fueling facility for the public as well as for the City fleet. Until, City CNG fleet vehicles will continue to refuel at a local CNG refueling station operated by Clean Energy, Inc, located approximately five (5) miles from the City Yard, at 23924 Figueroa Street in the City of Carson.

If approved, these two (2) trucks will be built and delivered to the City in March of 2010.

Respectfully submitted,
SHERYL BALLEW
General Services Director

By David K. Winnett, Jr.
Fleet Services Manager

CONCUR:

Sheryl Ballew
General Services Director

Rob Beste
Public Works Director

LeRoy J. Jackson
City Manager