

Council Meeting of  
August 11, 2009

**SUPPLEMENTAL**

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

**Members of the Council:**

**SUBJECT: General Services and Public Works - Supplemental Material to  
Agenda Items No. 8E and No. 8F**

Attached is additional information pertaining to agenda items No. 8E and No. 8F which was not included in the original item. After delivery and payment for the purchase of three (3) CNG-fueled Refuse Trucks the City will receive tax rebates amounting to \$16,000 per truck, per the provisions of the attached letter from Rush Peterbilt.

Respectfully submitted,

SHERYL BALLEW  
GENERAL SERVICES DIRECTOR

ROBERT BESTE  
PUBLIC WORKS DIRECTOR

By   
for Dave Winnett  
Fleet Services Manager

CONCUR:

  
for LeRoy J. Jackson  
City Manager

Attachments: A) Letter from Rush Peterbilt

**8E & 8F**





## Rush Truck Centers of California, Inc.

8830 E. Slauson Ave., Pico Rivera, CA 90660 Phone (800) 776-3647 Fax (866) 473-2257

Dave Winnett  
City of Torrance  
Manager Fleet Services  
20500 Madrona Avenue  
Torrance, CA 90503-3690

8-11-09

Re: Federal Tax Credit for Alternative Fuel Trucks – Proposals relative to 8/11/09 Agenda  
TWO AUTOMATED SIDE LOADERS AND ONE FRONT LOADER

Dear Mr. Winnett:

To assist in the process of documenting and disclosing the federal New Qualified Alternative Fuel Motor Vehicle Tax Credit in any pending or possible Purchase Orders from the City of Torrance (the “City”) to Rush Truck Center (“Rush”), I am providing additional detail regarding the available tax credit and how Rush will determine any possible rebate to the City as a result of Rush’s use of the tax credit.

The Internal Revenue Code (the “Code”) provides a tax credit for the use of a New Qualified Alternative Fuel Motor Vehicle (the “Credit”). Section 30B(h)(6) of the Code allows the seller of a new qualified alternative fuel motor vehicle sold to a tax-exempt organization or to the U.S. government, a State, or a political subdivision thereof, and which is not subject to a lease agreement, to claim the Credit for itself. We are required by the Code to disclose to you the amount of any Credit allowable with respect to such a vehicle that is certified by the Internal Revenue Service.

On November 6, 2007, the IRS certified that these vehicles meet the requirements of the Code as a Qualified Mixed Fuel Alternative Fuel Motor Vehicle. The IRS certifications are as follows:

<u>Year</u>	<u>Vehicle</u>	<u>Credit Amount</u>
2008	Cummins Westport ISL G CNG engine installed on various medium-duty vehicles with the gross weight between 14,001 - 26,000 lbs.	\$20,000.00
2008	Cummins Westport ISL G CNG engine installed in various heavy duty vehicles with the gross weight greater than 26,000 lbs.	\$32,000.00

Dave Winnett  
City of Torrance

8-11-09

The Credit to Rush and any rebate amount Rush makes to the City are entirely dependent upon the Code, the Treasury regulations, and tax laws in effect at the time of the transaction and at the time Rush files its federal tax return claiming the Credit.

It should be noted that the Code may limit the amount of the Credit under the rules governing a general business credit, and it is possible that Rush may be precluded from using the Credit at all. If Rush is able to use some or all of the Credit, Rush may also be precluded from using any other tax credit or tax incentives that would benefit the company. Rush's future quarterly tax filings and the subsequent tax effects upon Rush's ability to utilize the Credit cannot be accurately projected with certainty.

For these reasons, each transaction is separate and distinct, and any rebate amount agreed upon in one transaction cannot be relied upon by the City or assumed to be the same rebate amount in future transactions. The value and applicability of any Credit is therefore based on a transaction-by-transaction basis and any rebate will be offered accordingly. As a result, each acceptance of a negotiated transaction is based upon a specific bid, for a specific amount of rebate to the City on a stated per truck amount, and for the number of trucks in the Primary Bid quantity unless otherwise specified. Options and "Tag On Purchases" by other entities must be evaluated accordingly.

As previously stated, the above credits will be paid (check or wire transfer) to the City within 15 business days of the end of each quarterly tax filing by Rush Enterprises, Inc. for any Invoices paid in the preceding quarter(s) for applicable trucks. Our filing dates are April 17 for 4<sup>th</sup> qtr calendar, July 17 for 1<sup>st</sup> qtr calendar, September 17 for second qtr calendar and October 17 for 3<sup>rd</sup> qtr calendar year.

**AS PART OF THE PROPOSAL DATED 6-16-09 FOR THE PURCHASE OF ONE NEW PETERBILT 320 WITH HEIL FRONT LOADER BODY AND TWO PETERBILT 320'S WITH HEIL 7000 BODY, WE CAN OFFER \$16,000 PER UNIT ON TRUCKS DELIVERED AND PAID FOR PRIOR TO DECEMBER 2010.**

If you have any questions, please call me at (800) 776-3647 and I will assist the best I can.

Respectfully,



Kevin Voss  
Rush Truck Centers of California  
Pico Rivera

CC: Rush Enterprises, Inc.  
Rush Truck Center