



City Council Agenda Item

City Council Meeting Date: December 4, 2018

TO: Jim Throop, City Manager

FROM: Ray Ambler, Purchasing & Materials Manager
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Keith Quinlan, Solid Waste Superintendent
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SUBJECT: Purchase of Three Automated Side-Load Refuse Trucks in the Amount of \$1,049,266.27

Recommendation:

Staff recommends the City Council approve the purchase of three Side-Load Refuse Collection Trucks from Velocity Truck Center in the amount of \$1,049,266.27 and authorize the Purchasing and Materials Manager to issue a purchase order.

Background:

The City provides a centralized fleet program to efficiently and effectively provide for the ongoing needs of the various users of the program, the departments and divisions of the City. That service provides for ongoing operational needs for vehicles and other related equipment. In addition, the City provides for the planned replacement of existing vehicles in the Fleet Division's Vehicle Replacement Fleet. The right time to replace a piece of equipment is a decision made jointly by the Finance Department and the Fleet Division, based upon the expected vehicle service life, condition of the vehicle, current operating cost trends (for fuels, lubricants, maintenance, etc.), repair costs, accumulated mileage (or operational hours), existing needs of the department or division, and the budgetary capacity for replacing vehicles within each of the "using" divisions of the Replacement Fleet.

The Solid Waste Division provides collection services to all of the incorporated areas of the City, as well as certain unincorporated areas adjacent to the City. Collection services are performed every business day (Monday to Friday, excluding holidays). Collection services utilize trucks to pick up trash, recycling, yard waste, and, on an as needed basis,

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bulky items from (mainly) residential customers. Commercial customers may receive the same level of services provided residential customers as well as cardboard recycling.

Assembly Bill 1826, more commonly known as the Mandatory Commercial Organics Recycling law (MORe) went into effect in April 2016. It targets organic waste generated by commercial and multifamily sectors (the City would be required to apply MORe to multifamily customers who are provided green waste services). For the commercial sector, the affected businesses must recycle their green waste and/or food waste. The affected businesses are determined by the amount of waste generated. The recycling requirement is to be phased in over time. The program established under MORe may be expanded by CalRecycle to include additional commercial businesses and the entire residential sector (all types). In September 2016, Senate Bill 1383 established specific organic waste diversion targets to be attained. If the City is unable to meet the targets based on the green and food waste program prescribed by MORe, then organics recycling could be expanded to include all residential types.

In addition, in 2014, AB 1594 eliminated the recycling credit the City historically received when using green waste as alternative daily cover (ADC). That elimination requires the City to divert material previously received at the Landfill to a recycling facility. The most likely diversion location for green waste will be Santa Maria. As well as the collection services utilizing trucks, the Solid Waste Division may require a truck for the to-be-implemented organic recycling program. The requirement to divert materials previously categorized as ADC may also require a truck and transfer facility to collect and transport green waste to a recycling facility.

Generally, the Solid Waste Division has 13 side loading trucks available for collection services with 12 in the Replacement Fleet and 1 in the Carryover Fleet. The trucks in the Carryover Fleet provide backup capacity when a Replacement Fleet truck requires preventative or repair services and is unavailable for use by the Solid Waste Division in the daily operations of the collections division.

A number of years ago, the Solid Waste Division, in conjunction with the Fleet Division, the Utility Department, and the Finance Division, extended the initial estimated life of trucks in the Replacement Fleet from seven years to eight before considering the replacement of any of those trucks. That extension provides for a cycle of approximately 18-20 years for the complete replacement of Solid Waste's fleet of trucks in spite of the fact those vehicles are operational approximately 260 days a year.

That one-year extension relies on the consistent "push down" of operational Replacement Fleet trucks to the Carryover Fleet and the disposal of the most costly trucks from the Carryover Fleet. During Fiscal Year (FY) 2016-17, due to the delays in acquiring the trucks budgeted for acquisition during the FYs 2013-15 timeframe, Fleet was challenged at times with providing operational trucks to the Solid Waste Collections Division in the numbers necessary to perform the route activities required to keep on schedule. Upon the delivery of the four trucks in the June/July 2017 timeframe and their subsequent placement into daily service, the challenge now is to continue the replacement regime.

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In order to maintain the replacement schedule for the Replacement Fleet of trucks such that both Fleet Operations and Solid Waste Collections operations can continue to provide efficient, effective delivery of services to their customers, the Carryover Fleet should have adequate trucks that can serve Solid Waste Collection services reliably in the event a Replacement Fleet truck requires preventative or repair services.

Acquisition of three replacement trucks is budgeted for the current budget cycle, Biennial Budget FYs 2017-2019. Due to a turnover of Fleet's management during FYs 2013-15, the vehicles anticipated to be purchased during the FYs 2013-17 budget cycles were acquired and delivered effectively at one time with two trucks delivered in June 2017 and two delivered in July 2017. Both the acquisition and the related approved financing were carried forward to FYs 2016-17 and 2017-18.

Discussion:

Solid Waste and Fleet requested Purchasing issue a Request for Proposal (RFP) early in the FYs 2017-19 biennial budget cycle with the same specifications as used for the FYs 2013-17 truck acquisitions. Following an extensive process under the initial RFP, which included on-site demonstrations by potential bidders, Fleet and Solid Waste made comprehensive revisions to the specifications as compared with the specifications used in June/July 2017. After incorporating the changes requested by Solid Waste and Fleet, the City published a new RFP on August 23, 2018. The solicitation was published in the *Lompoc Record*, and listed on the City Website. The RFP was also delivered directly to six potential bidders who had either bid on similar RFPs in the past or had requested to be on the RFP list for trucks. The chief specifications included in the RFP for the trucks include (with selected notes from the responders):

- The engine specified was for 425HP @1800 RPMs and 1560 foot pounds torque @1200 RPMs:
 - No engine offered met the horsepower and torque specifications. Bidders indicated the specified engines were no longer available.
 - Fleet and Solid Waste evaluated the next lower power range specifications and determined 350 peak HP @ 2000 RPMs and 1350 foot pounds torque are acceptable considering the relatively flat working conditions in the City's operational area.
- Engines of less than 350 HP were not considered.
- Engines with less than 1350 foot pounds peak torque were not considered.
- Bidders who declined to bid the spare tire set were evaluated including an estimated \$4,800 per unit for the tire and wheel set.
- Bidders who declined to bid the specified software and associated tablets were evaluated using an estimated \$2,000 per unit for the software and tablet.

The RFP closed on September 14, 2018, with six bids received from two bidders. Based on the evaluation of the submitted bids, a summary of the bids are listed below (with adjustments as outlined above):

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Bid Specifications	Chassis - Autocar ACX64	Body	Engine	HP	Torque	Price (including tax and delivery)
				425@1800	1560@1200	
Bids meeting the revised specification of the RFP:						
Velocity Truck Center	Autocar ACX64	Heil rapid rail 2018	Cummins x12	350@2000	1350	\$1,049,266.27
Affinity Truck Center Alt #1	Autocar ACX64	Heil rapid rail 2018	Cummins X12	350@2000	1350	\$1,058,095.84
Bids failing to meet the revised specification of the RFP:						
Affinity Truck Center Primary	Mack	Heil rapid rail 2018	Mack	325@2000	1225@1200	
Affinity Truck Center Alt #1A	Autocar ACX64	Heil rapid rail	Cummins ISL9	350@2200	1150	
Affinity Truck Center Alt #2	Mack MP7	Curbtender	Mack MP	325@1400	1225@1200	
Affinity Truck Center Alt #3	Mack MP7	Dadee	Mack MP&	325@1400	1225@1200	

Fleet staff reviewed the proposals and determined the above bids meeting the City's specifications are responsive and responsible. Solid Waste also reviewed the proposals and concurred with Fleet's determination. Fleet and Solid Waste recommend the purchase of the three trucks from the lowest responsible bidder, Velocity Truck Center.

The most recent purchases of four trucks may compact future replacement schedules. To offset the compacted in-service period for the four received trucks, if authorized, the delivery of the three trucks will be coordinated such that they are received approximately six months apart over the next 12-30 months in order to maintain separation of trucks in the replacement cycle. For budgetary cash-flow and operational efficiency, it is advisable to avoid having more than one or two trucks scheduled for replacement in any single fiscal-year.

Fiscal Impact:

The issuance of RFP No. 2874 and related procurement process was conducted in accordance with the Lompoc Municipal Code and the City's procurement requirements.

If awarded, then a purchase order will be issued to Velocity Truck Center in the amount of \$1,049,266.27. The Biennial Budget FYs 2017-19 includes appropriations in the Fleet Division's Capital Outlay Account – 873ESR-75000 for truck replacements of \$964,236, related financing for the trucks of \$964,236 and Solid Waste Fleet replacement appropriations of approximately \$250,000 representing the first two years of eight years of debt service on the financing. While the gross purchase price exceeds the appropriated capital outlay for the trucks by \$85,000, if approved, then the delay in acquisition of the trucks from the budgeted estimated acquisition offsets much, if not all, of the difference. Earlier in the budget cycle, the City issued a purchase order for a replacement bulldozer as part of the Fleet Replacement Fund for use by the Solid Waste's Landfill Division. The

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Biennial Budget FYs 2017-19 includes lease proceeds to acquire the bulldozer and the proposed three trucks. The budgeted and anticipated financing has not yet been secured. At the time financing is bid and brought for approval to the City Council, the revised acquisition prices for both the bulldozer and the proposed three trucks can be included in the financing bid parameters, including any necessary changes in appropriations for Fleet and/or Solid Waste. As the debt service was budgeted for the full two-year budget cycle and initial acquisition of the three trucks is not contemplated until approximately June 2019, any required changes in appropriation will likely affect the FYs 2019-21 budgetary cycle rather than the current budget cycle.

The City has historically pursued lease financing for capital purchases of high-value, long-life replacement fleet vehicles to match the capital costs of vehicles with the expected life of the vehicles. As high-value, long-life vehicles, the refuse trucks are anticipated to be secured by capital lease financing over the economic life of the trucks to match the estimated operational life of the trucks. The Biennial Budget FYs 2017-19 includes appropriations and estimated revenues for bank financing for the bulldozer, the three trucks as well as a replacement dump truck for Streets and a replacement water tender for the Solid Waste Landfill. If approved, then the acquisition of the three trucks, as well as the previously approved bulldozer, will require the initiation of the bid process for the anticipated financing for the six vehicles budgeted for replacement during the FYs 2017-19 cycle. That financing is anticipated to be done with a competitive RFP prior to the acquisition of the final two vehicles contemplated for the FYs 2017-19 cycle. The anticipated lease financing for the bulldozer, the three trucks, dump truck and water tender will be returned to the City Council for approval once the financing RFP is issued and bids are received by the City.

Conclusion:

Truck specifications incorporated in the bid were provided by Fleet staff, in conjunction with Solid Waste operational input and are compliant with the Fleet Division's requirements for the trucks. The bid award has been reviewed by the Fleet and Solid Waste Divisions and the purchase is recommended by the Facilities, Fleet & Park Maintenance Manager and the Solid Waste Superintendent.

Respectfully submitted,

Ray Ambler, Purchasing & Materials Manager

Dirk Ishiwata, Facilities, Fleet & Park Maintenance Manager

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Keith Quinlan, Solid Waste Superintendent

APPROVED FOR SUBMITTAL TO THE CITY MANAGER:

Brad Wilkie, Management Services Director

Tikan Singh, Acting Utility Director

Kevin McCune, Public Works Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Jim Throop, City Manager