



REPORT TO COUNCIL 9

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
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Consent
October 17, 2006

**Honorable Mayor and
Members of the City Council**

Title: Purchase of Solid Waste Vehicles from City of Los Angeles and Refurbishing and Warranty Agreement with AMREP

Location/Council District: All

Recommendation: Adopt a Resolution: 1) Authorizing the City Manager to execute a contract for the purchase of nine used solid waste vehicles from the City of Los Angeles; 2) Suspending competitive bidding for an agreement to refurbish and provide an extended warranty covering the body portion of the used solid waste vehicles purchased from Los Angeles, and awarding a nonprofessional services agreement to provide these services to AMREP (requires 2/3 vote); and 3) Approving augmentation of the Solid Waste operating budget in the amount of \$363,000 to cover the additional FY2006-07 Fleet operations and maintenance (O & M) costs associated with the purchase of the used solid waste vehicles.

Contact: Edison Hicks, Integrated Waste Operations Superintendent, 808-4949

Presenters: NA

Department: Utilities

Division: Solid Waste Division

Organization No: 3363

Description/Analysis

Issue: In order to implement weekly recycling as directed by the City Council, the Department of Utilities, Solid Waste Division, proposes to purchase nine used solid waste vehicles from the City of Los Angeles at a cost of \$30,310 per vehicle for a total acquisition cost of \$272,790. In addition, the Solid Waste Division proposes to enter into an agreement with AMREP to refurbish, deliver and warranty for 90 days for the nine vehicles at a cost of \$27,000 per vehicle, for a total refurbishment cost of \$243,000. The agreement also includes a provision providing an option for a separate extended warranty to maintain the vehicle bodies as designated by the City for a period of up to four years, at an

average cost of \$26,000 per vehicle for a total cost of \$234,000 if the extended warranty is provided for all nine vehicles for four years. The total costs under the contract and agreement will be \$749,790, or \$83,310 per vehicle.

New solid waste vehicles cost approximately \$215,500 per vehicle with a life expectancy of about 10 years. As noted above, the cost of the vehicles to be purchased is \$83,310 per vehicle with a life expectancy of about four years.

The nine vehicles are necessary to meet new residential needs in the City of Sacramento and to permit the expansion of existing solid waste services. An immediate need is to implement changing over from recycling every two weeks to once per week. Six of nine vehicles will be used for implementation of this expanded program. The remaining three vehicles will be used for containerized green waste and back up vehicles.

Policy Considerations: The purchase of nine additional solid waste vehicles will contribute to maintaining a high level of customer service, maintain sustainable and clean neighborhoods and expand recycling collection to weekly service. Approval of the purchase contract with Los Angeles is requested pursuant to Sacramento City Code Section 3.56.250, which allows the City Council, when advantageous to the City, to authorize the purchase of surplus supplies from another public agency without competitive bidding. Suspension of competitive bidding for the refurbishment and extended warranty agreement is requested pursuant to Sacramento City Code Section 3.56.230, which allows the City Council to suspend competitive bidding for any purchase or contract, when it determines, by a two-thirds vote, that it is in the best interests of the City to do so.

The City's Revised Low Emission Vehicle and Fleet Policy adopted by Council on July 9, 2004 commits the City to be a community leader by showing how fleets can aggressively incorporate low emissions vehicles into fleet operations. The policy states that a minimum of 50% of all Heavy-duty vehicle replacements will be certified low-emission. Currently, 80% of the City's Solid Waste Side Loaders are certified low-emission. Certified low-emission sideloaders will represent 70% of Solid Waste Side Loader after this purchase. While the nine sideloader vehicles recommended for purchase are not certified low emission, they are equipped with particulate traps and will be scheduled for replacement in 48 months.

Environmental Considerations: The purchase of the used solid waste vehicles constitutes a purchase of supplies that is not a project requiring environmental review under the California Environmental Quality Act (CEQA), pursuant to Section 15378(b)(2) of the CEQA Guidelines.

Rationale for Recommendation: The purchase of the nine solid waste vehicles will allow the Solid Waste Division to expand the level of service now provided and to accommodate new residential demand in the future. The refurbishment and extended warranty agreement, in addition to routine O&M provided by Fleet Management, will provide for the maintenance necessary to assure the vehicles are in good running order for the remaining four-year life expectancy of the vehicles. Compared to the City's cost to purchase new vehicles, the total cost per vehicle will

realize the City an initial cost savings of approximately \$132,190 per vehicle.

The purchase and refurbishment of the vehicles as recommended herein will allow the Solid Waste Division to implement the Council-approved weekly recycling program by December 2006. The usual procurement process and ultimate delivery for a new refuse vehicle can take approximately 18 months. Weekly recycling will provide the opportunity for residents to reduce the size of their refuse container and thereby reduce their solid waste monthly cost.

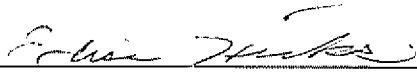
The Solid Waste Division recommends selecting AMREP to provide these refurbishment services and extended warranty, rather than bidding this agreement out, because AMREP is the manufacturer of the vehicles and maintains a service center in the City of Sacramento.


For these reasons, the Solid Waste Division believes that it is advantageous to the City to contract for purchase of the vehicles from the City of Los Angeles, and also is in the City's best interests to suspend competitive bidding so that the refurbishment and warranty agreement can be awarded to AMREP.

Solid Waste Division staff, along with representatives from Fleet and Procurement, visited and inspected the selected nine vehicles on June 30, 2006. The purchase contract and refurbish and warranty agreement described above are attached to this report (Attachments 1 and 2). The vehicles to be purchased are listed in Exhibit A of the purchase contract.

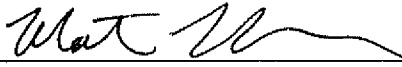
Financial Considerations: The total cost for the purchase contract and refurbish and warranty agreement is \$749,790. There are sufficient funds in YB61 (fund 415) to pay for the purchase of the trucks, repairs and retrofit. Staff requests an augmentation of \$363,000 to the Solid Waste operating budget (Org: 3363, fund 415) from the Solid Waste Contingency Reserve to cover the additional FY2006/07 Fleet O & M and warranty costs associated with the purchase of the trucks.

Emerging Small Business Development (ESBD): AMREP is not a certified small business.

Respectfully Submitted by: 
Edison Hicks
Integrated Waste Operations Superintendent

Approved by: 
FOR Gary A. Reents
Director, Department of Utilities

Recommendation Approved:



for Ray Kerridge
City Manager

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RESOLUTION NO.

Adopted by the Sacramento City Council

PURCHASE OF NINE USED SOLID WASTE VEHICLES FROM THE CITY OF LOS ANGELES AND REFURBISHMENT/WARRANTY AGREEMENT WITH AMREP

BACKGROUND

- A. The City of Sacramento, Department of Utilities, Solid Waste Division, needs additional solid waste vehicles to meet new residential needs and expand the current level of services for programs now provided.
- B. The Solid Waste Division has the opportunity to purchase nine used solid waste vehicles from the City of Los Angeles. The initial purchase of these vehicles from the City of Los Angeles will save the City \$132,190 per vehicle.
- C. City Code Section 3.56.250 permits the purchase of surplus supplies from another public agency without going through the competitive bid process when it is found to be advantageous to the City.
- D. City Code Section 3.56.230 (C) permits the City Council to suspend the competitive bidding process for any purchase or contract when, upon two-thirds vote, it is determined that it is in the best interest of the City to do so.
- E. The Solid Waste Division has recommended suspending competitive bidding to select AMREP to provide refurbishment services and warranties for the used solid waste vehicles, because AMREP is the manufacturer of the vehicles and maintains a service center in the City of Sacramento.
- F. The immediate need for additional solid waste vehicles is for the implementation of weekly recycling as directed by the City Council on June 3, 2006. The purchase of the vehicles from the City of Los Angeles will allow the Solid Waste Division to implement the Council approved weekly recycling program by December 2006. The usual procurement process and ultimate delivery for a new refuse vehicle can take approximately 18 months. Weekly recycling will provide the opportunity for residents to reduce the size of their refuse container and thereby reduce their solid waste monthly cost.
- G. For these reasons, it is advantageous to the City to contract for purchase of the vehicles from the City of Los Angeles, and also is in the City's best interests to suspend competitive bidding so that the refurbishment and warranty agreement can be awarded to AMREP.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Manager is authorized to execute a contract with the City of Los Angeles to purchase nine used solid waste vehicles for a total amount not to exceed \$272,790.

- Section 2. In the best interests of the City, competitive bidding is suspended for an agreement to refurbish and provide warranties for the used solid waste vehicles purchased from the City of Los Angeles, and a nonprofessional services agreement to provide these services is awarded to AMREP, for an amount not to exceed a total cost of \$477,000.

- Section 3. The Finance Director is authorized to amend the Solid Waste operating budget (415-330-3363) in the amount of \$363,000 with a release from the Solid Waste Contingency Reserve (Fund 415) to cover the additional FY2006/07 Fleet O&M costs associated with the purchase of the nine used solid waste vehicles is approved.

