

AGENDA ITEM NO. 6

**CITY OF SAN ANTONIO
PURCHASING & GENERAL SERVICES DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM**

TO: Sheryl Sculley, City Manager

FROM: Janie B. Cantu, Director of Purchasing & General Services

SUBJECT: Refuse Collection Trucks

DATE: April 6, 2006

SUMMARY & RECOMMENDATION

This ordinance authorizes the Purchasing & General Services Department to accept the proposals submitted by Houston Freightliner, item 1; Heil of Texas, an MBE, items 2 and 4; and Grande Truck Center, item 3 utilizing the Houston Galveston Area Council of Governments Cooperative Purchasing Agreement to provide the City of San Antonio Environmental Services Department with refuse collection trucks for a total of \$6,670,081.83 of which \$2,500,526.49 will be paid through a Tax-Exempt Lease Purchase Contract, contingent upon the execution of a lease program agreement or other financial obligations; and the balance of \$4,169,555.34 will be funded from the accrued Vehicle Replacement Fund. Staff recommends approval of this ordinance.

BACKGROUND INFORMATION

Automated garbage collection programs are currently being utilized successfully in several large cities throughout the U.S. and Texas. The program is intended to enhance customer service, promote community health and aesthetics, decrease worker's compensation costs, improve productivity, increase efficiency and employee retention, decrease labor costs, provide safer work conditions, and help stabilize future City assessed collection rates. This purchase will begin the first year of a multi-year plan to convert the City to automated garbage collection.

Under the FY 2005-2006 adopted budget, the Environmental Services Department is to continue with a seven year conversion to an automated refuse collection program. These purchases are in line with the scheduled replacement of existing refuse collection trucks and the conversion from manual to automation. When fully implemented, approximately 80% of the total garbage routes of the City could be handled by fully automated collection equipment while the remainder would require semi-automated collection (rear load truck with tippers). This purchase supports the first and second year of a multi-year plan to convert the City to automated garbage collection. Delivery is scheduled over two fiscal years with 19 trucks delivered prior to October 1, 2006 and the remaining balance of 17 trucks after this date. Placing the combined order allows the City to realize cost savings from current year models versus manufacturer's projected new year model price increases, as well as manufacturing lead time consolidation results in timely delivery in the next fiscal year.

On January 20, 2006, a request for sealed bids was opened for the purchase of Refuse Collection Trucks, Bid No. 06-027 and all bids were rejected. The City reserves the right to reject all bids whenever it is deemed in the best interest of the City per Terms and Conditions of the Invitation for Bid, Paragraph 7, Section C. Proposals were then solicited from Houston Freightliner, item 1; Heil of Texas, an MBE, items 2 and 4; and Grande Truck Center, item 3 utilizing the Houston Galveston Area Council of Governments Cooperative Purchasing Agreement.

Lone Star Truck Center withdrew their bid because they could not meet the City's required delivery schedule. A proposal was solicited from Grande Truck Center for Item 3 in accordance with the health and public safety exemption allowed under Section 252.022 of the Local Government Code.

POLICY ANALYSIS

The trucks being purchased are powered by diesel engines. Natural gas powered trucks are an alternative to diesel in refuse collection trucks. Approximately 1% of the 136,000 refuse trucks in use throughout the US are powered by either Compressed Natural Gas (CNG) or Liquefied Natural Gas (LNG), with approximately 90% being operated in California. The City has examined the feasibility of converting its diesel powered fleet to natural gas and commissioned a study by Southwest Research Institute last summer to assist in its evaluation. The study concluded that the City's current program of replacing existing diesel powered trucks with newer, cleaner burning diesel powered trucks should be continued into the future. Although the environmental benefits of natural gas powered engines have historically exceeded those of diesel, recent EPA regulations requiring manufacturers to produce cleaner burning engines in 2007 and 2010 and the mandated use of Ultra Low Sulfur Diesel (ULSD) nationwide this year will essentially eliminate the gap between diesel and natural gas.

Additionally, the City's ability to convert to a natural gas fleet would include substantial costs of building fueling stations which do not currently exist in the San Antonio area, costs to convert maintenance shops to safely handle natural gas trucks, higher prices of natural gas powered trucks and their limited driving range and required additional training for staff to work on natural gas powered vehicles.

This contract will provide the Environmental Services Department with thirty one fully automated and five rear load replacement refuse collection trucks with tippers. The delivery schedule for the initial purchase of 19 trucks is 210 days from the date of the purchase order. The additional 17 trucks are scheduled to be delivered after October 1, 2006.

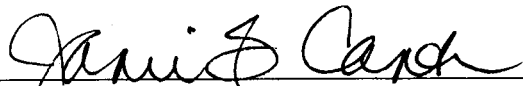
This ordinance will authorize the purchase of the bodies, cab and chassis from a contract vendor in accordance with the Houston/Galveston Area Council of Governments Cooperative Purchasing Program as approved in the resolution for the City of San Antonio and Houston/Galveston Area Council of Governments Cooperative Purchasing Agreement, Resolution No. 96-41-48.

FINANCIAL IMPACT

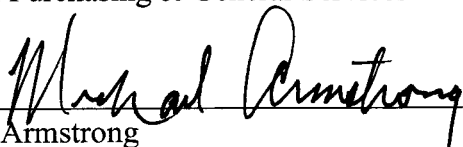
The total cost of this contract is \$6,670,081.83 of which \$2,500,526.49 will be paid through a Tax-Exempt Lease Purchase Contract, contingent upon the execution of a lease program agreement or other financial obligations; and the balance of \$4,169,555.34 will be funded from the accrued Vehicle Replacement Fund. All expenditures will be in accordance with the FY2005-2006 Budget approved by City Council.

COORDINATION

This item has been coordinated with the City of San Antonio Environmental Services Department, Finance Department and the Office of Management and Budget.

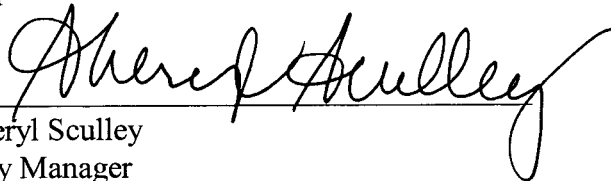


Janie B. Cantu, C.P.M.
Director, Purchasing & General Services



Michael Armstrong
Assistant City Manager/Chief Information Officer

Approved for Council Consideration:



Sheryl Sculley
City Manager

City of San Antonio
Contract Summary Sheet

Date 4-6-06

Agenda Item:

Name/Title (Caption as shown on agenda):

An ordinance accepting the proposals submitted by Houston Freightliner, item 1; Heil of Texas, an MBE, items 2 and 4; and Grande Truck Center, item 3 utilizing the Houston Galveston Area Council of Governments Cooperative Purchasing Agreement to provide the City of San Antonio Environmental Services Department with refuse collection trucks for a total of \$6,670,081.83 of which \$2,500,526.49 will be paid through a Tax-Exempt Lease Purchase Contract, contingent upon the execution of a lease program agreement or other financial obligations; and the balance of \$4,169,555.34 will be funded from the accrued Vehicle Replacement Fund. [Presented by Janie B. Cantu, Director, Purchasing & General Services; Michael Armstrong, Assistant City Manager/Chief Information Officer]

Description of Item(s) and Use:

This ordinance will provide refuse collection trucks for the Environmental Services Department.

Total : **\$6,669,915.83**

Bid Number and Title	06-071-JH Refuse Collection Trucks
Contract Period	Upon Award through 6-30-06
Method of Procurement	HGAC contract
Price Trend	6% Increase on Cab & Chassis; 14% Increase on Automated Refuse Bodies; Average Increase of 9%

Contract Info: **X Formal Annual Support/Maintenance Lease**

Contractor(s):	Heil of Texas, MBE, 5900 Wheeler, Houston, TX 77023
	Houston Freightliner Inc., 9550 North Loop East, Houston, TX 77029
	Grande Truck Center, P O Box 201210, San Antonio, TX 78220

Previous Related Council Action(s):

Date:	11-6-03
Agenda Item #:	36
Action:	Ord No. 98421 accepting the bids from Grande Truck and Heil of Texas to provide the City Environmental Services Dept with automated refuse collection trucks for a total of \$1,017,688.00
Date:	
Agenda Item #:	
Action:	
Date:	
Agenda Item #:	
Action:	

Anticipated Future Requirements and Actions:

Comments:

Price increases due to the cost of steel and fuel (oil prices).

Using Environmental Services Department
Department:

CITY OF SAN ANTONIO
BID TABULATION

REFUSE COLLECTION TRUCKS

Houston Freightliner, Inc.
9550 North Loop East
Houston, Texas 77029

ITEM	QUANTITY	DESCRIPTION	UNIT AMOUNT	EXTENDED AMOUNT
1	5 EACH	CAB & CHASSIS REAR LOAD	\$103,647.00	\$518,235.00
		MAKE & MODEL: FREIGHTLINER CONDOR		
		HGAC CALCULATION FEE (1)		\$600.00
		PRICE TOTAL		\$518,835.00
		TERMS	NET 30	

Heil of Texas
5900 Wheeler
Houston, Texas 77023

ITEM	QUANTITY	DESCRIPTION	UNIT AMOUNT	EXTENDED AMOUNT
2	5 EACH	REAR LOAD REFUSE BODIES	\$55,192.86	\$275,964.30
		MAKE & MODEL: HEIL FORMULA 5000 25CY		
		PRICE TOTAL		\$275,964.30
		TERMS	NET 30	

**Grande Truck Center
P.O. Box 201210
San Antonio, Texas 78220**

<u>ITEM</u>	<u>QUANTITY</u>	<u>DESCRIPTION</u>	<u>UNIT AMOUNT</u>	<u>EXTENDED AMOUNT</u>
3	31 EACH	CAB & CHASSIS AUTOMATED	\$108,400.71	\$3,360,422.00
		MAKE & MODEL: AUTOCAR WX64 DUAL STEER		
		PRICE TOTAL		\$3,360,422.00
		TERMS		NET 30

**Heil of Texas
5900 Wheeler
Houston, Texas 77023**

<u>ITEM</u>	<u>QUANTITY</u>	<u>DESCRIPTION</u>	<u>UNIT AMOUNT</u>	<u>EXTENDED AMOUNT</u>
4	31 EACH	AUTOMATED REFUSE BODIES	\$81,111.63	\$2,514,460.53
		MAKE & MODEL: HEIL DURAPACK 26CY		
		ADMINISTRATIVE FEE (1)		\$400.00
		PRICE TOTAL		\$2,514,860.53
		TERMS		NET 30

The purchase of items 1, 2, & 4 are being made through Houston/Galveston Area Council.
Item 3 is procured under an exemption to preserve or protect the public health or safety of the city's residents.
Bid No. 06-071-JH