



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JULY 6, 2021**

FROM: GENERAL SERVICES DEPARTMENT **WARDS: ALL**

**SUBJECT: PURCHASE OF THREE REPLACEMENT COMPRESSED NATURAL GAS
AUTOMATED SIDE-LOADING REFUSE TRUCKS FROM AUTOCAR TRUCKS
OF BIRMINGHAM, ALABAMA IN THE AMOUNT OF \$1,290,476.11**

ISSUE:

Approve the purchase of three replacement compressed natural gas automated side-loading refuse trucks from Autocar Trucks of Birmingham, Alabama in the amount of \$1,290,476.11.

RECOMMENDATIONS:

That the City Council approve the purchase of three replacement compressed natural gas automated side-loading refuse trucks from Autocar Trucks of Birmingham, Alabama for the Public Works Solid Waste Division in the amount of \$1,290,476.11.

BACKGROUND:

Capital lease financing is a type of lease in which a finance company is typically the legal owner of an asset for the duration of the lease, while the lessee has operating control over the asset and has a substantial share of the economic risks and returns from the change in the valuation of the underlying asset. At the end of the lease term, the lessee will usually take over ownership of the asset.

In September 2013, the Finance Department issued a Request for Proposals (RFP) to solicit interest from capital lease vendors in financing various equipment acquisitions for the General Fund, including fixtures and equipment at the Convention Center, Fox Performing Arts Center, and Municipal Auditorium. Two vendors responded to the RFP and the City ultimately selected Banc of America Public Capital Corp. as their proposal resulted in the lowest cost to the City. The initial master lease of \$3.6 million was for a term of seven years at an interest rate of 1.75%.

In December 2016, the Finance Department issued another Request for Proposals (RFP) to solicit interest from capital lease vendors in financing vehicles and hardware, including public safety radio equipment, a Police Department records management system, Community & Economic Development permitting system, and Riverside Public Utility water system heavy vehicles. Seven vendors responded to the RFP and the City selected Banc of America Public Capital Corp. as their proposal again resulted in the lowest cost to the City. This resulted in an amendment to the

master lease for a revised amount of \$10.5 million with payment schedules over eight and ten years at a blended interest rate of 2.37%.

On September 26, 2017, the City Council authorized a third amendment to the master lease with Banc of America Public Capital Corp. for a revised total of \$14.5 million to finance additional capital equipment for the City, including the purchase of 16 apparatus for the Fire Department and an aerial man-lift for the Public Works Department Traffic Division. These purchases have been completed and sufficient capital lease proceeds remain to partially fund the purchase of three replacement compressed natural gas automated side-loading refuse trucks.

The Public Works Department Solid Waste Division operates a fleet of automated refuse trucks to pick up residential trash, recycling, and green waste from residences throughout the city of Riverside. Each year, the Solid Waste Division replaces three or four automated refuse trucks (based on vehicle age, mileage, and maintenance cost) in accordance with the division's equipment replacement plan and federal, state and local environmental regulations.

DISCUSSION:

The General Services Fleet Division evaluates all vehicle replacement criteria to ensure the efficient management and replacement of vehicles. The refuse trucks to be replaced have exceeded their expected service life and have excessive wear and life to date maintenance costs.

Asset No.	Year Make Model	In-Service Date	Mileage	Original Cost	LTD Maintenance Cost	Replacement Reason
J141	1996 AUTOCAR	04/24/1996	225,926	\$129,246	\$798,517	25 years of age with excessive wear and high Life-to-Date (LTD) maintenance costs
J151	1997 AUTOCAR	12/09/1996	274,268	\$130,832	\$815,612	24 years of age with excessive wear and high Life-to-Date (LTD) maintenance costs
J159	2004 AUTOCAR	11/12/2003	203,163	\$203,807	\$478,427	12 years of age with excessive wear and high Life-to-Date (LTD) maintenance costs

Sourcwell is a national service cooperative created to provide government procurement resources and solutions to members in government, education, and nonprofit sectors. Since the City is a member of Sourcwell, Autocar Truck is able to provide best overall government pricing in accordance with Cooperative Agreement Number 060920-ATC through this cooperative procurement process.

Since Sourcwell is being utilized, Purchasing Resolution No. 23256, Section 602(e) applies and states "Competitive Procurement through Informal Procurement and Formal Procurement processes shall not be required when Cooperative Purchasing is available and undertaken or when goods can be obtained through Federal, State and/or other public entity pricing contracts or price agreements."

The total cost of three replacement compressed natural gas automated side-loading refuse trucks is \$1,290,476.11:

Unit Price	Tire Fee	Sales Tax (8.75%)	Total
\$395,532.14	\$17.50	\$34,609.06	\$430,158.70
Total For 3 Trucks			\$1,290,476.11

These replacement vehicles meet the requirements of South Coast Air Quality Management District Rule 1193 (Clean on-road residential and commercial refuse collection vehicles), which requires public and commercial solid waste collection fleets to acquire alternative-fuel heavy-duty vehicles to reduce pollutant emissions.

The Purchasing Manager concurs that this purchase is in compliance with Purchasing Resolution No. 23256.

The Public Works Director concurs with this report.

FISCAL IMPACT:

The total fiscal impact of the action is \$1,344,630.05. The purchase will be funded through a combination of cash (\$596,758.13) and capital lease financing (\$693,717.98 principal plus \$54,193.54 interest). Funds for the cash portion and Fiscal Year 2021/22 debt obligations are available in the Refuse Fund – Public Works Solid Waste Collection Automotive Equipment Account No. 4130100-462100 in the total amount of \$711,815.35. Future debt obligations will be incorporated into the Refuse Fund budget in the applicable fiscal years. Total debt obligations for this purchase are as follows:

Fiscal Year	Principal	Interest	Total
2021/22	\$14,598.59	\$100,458.63	\$115,057.22
2022/23	12,393.61	102,663.61	115,057.22
2023/24	10,140.23	104,916.99	115,057.22
2024/25	7,837.39	107,219.83	115,057.22
2025/26	5,484.01	109,573.21	115,057.22
2026/27	3,078.97	111,978.25	115,057.22
2027/28	621.14	56,907.46	57,528.61
Total	\$54,153.94	\$693,717.98	\$747,871.92

Prepared by: Carl Carey, General Services Director
 Certified as to
 availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer
 Approved by: Moises Lopez, Deputy City Manager
 Approved as to form: Kristi J. Smith, Interim City Attorney

Attachments:

1. Sourcwell Contract #060920-ATC
2. Sourcwell Quote from Autocar