



Agenda Item # \_\_\_\_\_

# Staff Report

## City of Manhattan Beach

**TO:** Honorable Mayor Aldinger and Members of the City Council

**THROUGH:** Geoff Dolan, City Manager

**FROM:** Bruce Moe, Finance Director  
Gwen Eng, General Services Manager

**DATE:** March 18, 2008

**SUBJECT:** Consideration of Budgeted Lease/Purchase of a Compressed Natural Gas Asphalt Patch Truck for the Public Works Department from Reynolds Buick/Pontiac/GMC Trucks in the Amount of \$169,990.39

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### **RECOMMENDATION:**

Staff recommends that the City Council: a) waive formal bidding per Municipal Code Section 2.36.150 (cooperative purchasing), b) award a purchase order to Reynolds Buick/Pontiac/GMC Trucks in the amount of \$169,690.39, c) appropriate \$169,691 from the Fleet Management Fund, and d) authorize the City Manager to negotiate and execute a lease/purchase agreement for the lease/purchase of a Compressed Natural Gas (CNG) Asphalt Patch Truck.

### **FISCAL IMPLICATION:**

The total cost of the truck is \$169,690.39. Funds totaling \$47,000 are budgeted in the FY 2007-2008 Fleet Management Fund for year one lease costs. Since we have approximately eight months before delivery will take place, staff will obtain proposals for the lease/purchase financing in close proximity to the delivery of the truck. In the mean time, in order to issue the purchase order and encumber the funds, staff recommends appropriating the full purchase price of the vehicle (\$169,990.39).

### **BACKGROUND:**

The Public Works Department does not have a specialized asphalt patch truck for roads and grounds repair, and as a result time and materials are not efficiently utilized. The current method of obtaining asphalt involves sending a dump truck to shuttle hot asphalt from the plant (located in South Gate) to the job site, and applying it before it cools and solidifies and becomes unusable. To accomplish this, crews are called in from other jobs to meet the truck so they can shovel and compact the asphalt, and spread the emulsion with a broom. This method requires up to four vehicles and six staff to repair the streets. It is time-intensive and not conservational.

### **DISCUSSION:**

In June 2007, the City Council approved the FY 2007-2008 budget, which includes the purchase of several new and replacement vehicles. One of those vehicles is a new asphalt patch truck.

Where possible and practical, we have specified “green” vehicles in keeping with our efforts to be more environmentally-friendly. As a result, we have specified this truck with a compressed natural gas engine.

With the purchase of the new vehicle, which has an enclosed, insulated bed, an emulsion sprayer, vibratory plate loading area, and movable chute for offloading the asphalt, we anticipate that typical asphalt patch jobs will be accomplished with two staff, alleviating the need to pull in additional crews. Staff will be able to retrieve the asphalt and perform all of the tasks necessary for repairs. In addition, the truck allows for the asphalt and emulsion to stay at optimal temperatures due to the dual heating system, which uses the vehicle’s CNG system to provide heat when in use and an electrical system that plugs into a wall outlet during off hours. This feature allows the asphalt and emulsion to be stored for up to one additional day and still be viable, reducing waste and ensuring greater product availability.

Whenever practical, the City “piggybacks” onto contracts which are economically advantageous. In this case, Reynolds Buick/Pontiac/GMC Trucks has offered the same price from an existing City of Santa Monica bid award. The City of Santa Monica contract was the result of a formal bid which had three responses. Of those responses, the City of Santa Monica awarded an order to the lowest bidder, Reynolds Buick/Pontiac/GMC Trucks. City staff would have followed the exact same steps to obtain prices for this vehicle; consequently, it is unlikely that we would gain any advantages by requesting formal bids ourselves. As a result, staff recommends that Council waive formal bidding per Municipal Code Section 2.36.150 (cooperative purchasing) and award an order to Reynolds Buick/Pontiac/GMC Trucks in the amount of \$169,990.39. If approved, the new vehicle will arrive in approximately eight months.

The FY 2007-2008 budget includes the first year lease/purchase cost for the new vehicle. Proposals for leasing the vehicle will be obtained in close proximity to expected delivery to obtain current lease rates. Because we need to issue the purchase order for the full amount to the vendor, staff recommends appropriating the total amount from the Fleet Management Fund at this time. Once the lease/purchase is completed, with an expected annual payment of \$47,000, the funds will be released back to the Fleet Management Fund.

Staff is recommending that the City Council authorize the City Manager to negotiate and execute the terms of the lease/purchase agreement without further Council action. Proposals for the financing will be obtained in order to ensure competitive rates.