



# Council Communication

Office of the City Manager

Date

August 25, 2008

Agenda Item No. 48

Roll Call No. 08-

Communication No. 08-522

Submitted by: William G. Stowe, Assistant City Manager/Public Works/Engineering, Merrill Stanley, Deputy City Manager, and Allen McKinley, Finance Director

## AGENDA HEADING:

Approving purchase of seven (7) automated side-loading refuse collection trucks, the monthly rental of up to five (5) automated side-loading refuse collection trucks, the procurement of recycling container assembly and delivery services, and final action regarding the lease purchase of trucks and recycling containers.

## SYNOPSIS:

Several approvals are necessary to begin the single-stream recycling program. All are summarized in this communication and relate to four roll calls that appear on the August 25, 2008 City Council agenda. These actions:

- Approve the purchase of five automated side-loading refuse trucks needed to implement single-stream recycling, plus purchase two more trucks to replace existing trucks
- Rent five trucks for a period of about two months so the program can begin in September
- Contract for assembly of collection containers and their delivery to residences citywide
- Set the final amount of the lease purchase supplement used to finance five of the trucks and 32,000 collection carts.

Recommend approval to proceed with purchase of seven (7) automated side-loading refuse collection trucks for use in the Public Works Department, Solid Waste Division in the amount of \$1,449,087. Five (5) trucks will replace twelve (12) trucks that are currently utilized in the manual recycling program. Two (2) trucks will replace existing automated trucks that meet established replacement criteria and are scheduled to be replaced. Eleven bids were mailed and four (4) were received. Recommend awarding Bid No. V09-010 as follows:

- Two trucks at \$196,000 each for a total of \$392,000 to Truck Country Des Moines (Mike McCoy, President), 4300 NE 14<sup>th</sup> Street, Des Moines, IA 50313; shipment in 45 days.
- Three trucks at \$212,523 each for a total of \$637,569 to Peterbilt of Des Moines (Brad Wilson, President) 3445 Adventureland Dr., Altoona, IA 50009; shipment in 90 days.
- Two trucks at \$209,759 each for a total of \$419,518 to Peterbilt of Des Moines (Brad Wilson, President) 3445 Adventureland Dr., Altoona, IA 50009; shipment in 125 days.
- Sale of 11 trucks being replaced to Elliot Equipment Company, (Gene Elliot, Owner), 5225 Beisser Drive, Grimes, IA 50011 in the amount of \$284,500. No bid on one (1) of twelve trucks offered for sale or trade.

The Solid Waste Division of the Public Works Department has made a business case to begin single-stream collection of recyclables in late September. Delivery of purchased trucks is not available until

November 1, 2008 and therefore rental trucks are necessary for the September implementation. Initially, two (2) trucks will be needed for up to two (2) months and up to an additional three (3) trucks may be needed for a time period of less than a month. Specifications for rental trucks with availability by September 15, 2008 were mailed to five (5) potential bidders. One (1) bid was received. Big Truck Rental LLP, (Mike Miller, Vice President, Sales and Marketing), 1039 South 50<sup>th</sup> Street, Tampa, Florida, 33619 submitted the only response and indicated compliance in providing two (2) trucks by September 15, 2008 and additional trucks as needed until delivery of purchased units November 1, 2008. Total rental costs are estimated at \$67,500. Operational cost savings for the rental period are estimated to be \$35,135, for a net program cost of \$32,365.

The automated recycling collection carts used in single-stream recycling and ordered for the program require assembly and delivery to residential customers. Toter, Inc., the company providing the carts, has extended an assembly and delivery option for the initial order of 32,000 carts at a per unit cost of \$4.55 for a total fee of \$182,000, to ensure quality assembly and timely delivery. Good cause has been shown to secure assembly and delivery services from Toter, Inc as a non-competitive procurement.

The final action amends the amount of Master Lease Purchase Supplement C-2 to \$2,632,126 for the financing of five (5) trucks and 32,000 collection carts.

#### **FISCAL IMPACT:**

##### Truck Purchase

Amount: \$1,029,569 plus interest Master Lease Purchase

Amount: \$419,518 cash purchase

Funding Source: FY08-09 Operating Budget, Solid Waste, Curbside Recycling, EN151, PWK100119, page 298.

##### Truck Sale

Amount: \$284,500 (Revenue)

Funding Source: Solid Waste Enterprise Fund

##### Truck Rental

Amount: \$67,500 (Rental Cost) Operating Fund Cash  
(\$35,135) Operating cost savings

Funding Source: FY08-09 Operating Budget, Solid Waste, Curbside Recycling, EN151, PWK100119, page 298.

##### Collection Carts

Amount: \$182,000 Operating Fund Cash

Funding Source: FY08-09 Operating Budget, Solid Waste, Curbside Recycling, EN151, PWK100119, page 298.

#### **ADDITIONAL INFORMATION:**

In 1994, the City implemented the CurbIt!® recycling program consisting of a five-stream curbside sort program for Des Moines residents. Quantities recycled have remained static and collection costs have increased. The Public Works Department is proceeding with conversion of the City's manual recyclables

collection program to single-stream and automated collection. Their research shows that single-stream automated recyclables collection increases the quantities of recyclables collected and reduces overall program costs. Implementation of automated single-stream recycling is scheduled to begin in late September and continue through the end of the year.

The bid documents for the purchase of automated side-loading refuse trucks for use in the automated single-stream recycling program and the scheduled replacement of two (2) existing automated side loading refuse trucks were constructed so that bidders could bid up to seven (7) total trucks based on availability and respective pricing for timely delivery. Early availability is important so the cost of renting trucks can be reduced. Bidders provided alternate bids for in-stock chassis versus build-to-order chassis that have a longer lead time. One bidder, Truck Country Des Moines only bid two (2) available in-stock chassis with the earliest delivery time of 45 days. Peterbilt of Des Moines provided two (2) bids; one for in-stock chassis available in 90 days and an alternate bid for build-to-order chassis available in 125 days.

The bid documents also asked for trade value or purchase of 12 existing trucks used in the recycling program to be replaced with automation. One bid was received from Elliot Equipment Company for 11 of the 12 trucks offered. Staff finds the bid to be fair market value for the trucks being replaced. The remaining truck will be alternatively remarketed along with the two trucks that are being replaced according to standard replacement criteria. Overall, the Solid Waste fleet will experience a net reduction of seven vehicles.

The Solid Waste Division of the Public Works department utilizes nine (9) specialized & five (5) support trucks daily in the manual collection of recyclables. Of these fourteen (14) units in the recycling operation, twelve (12) units will be replaced by five (5) automated side loading refuse trucks to reduce fuel consumption and environmental impact by reducing the number of units needed to provide recycling services to customers.

The trucks being purchased have diesel engines that are minimum horsepower and torque necessary to operate the hydraulic packer body. These trucks will utilize up to 20% Biodiesel fuel to reduce emissions that impact the environment. While the performance of hydraulic packer equipment is reliant on horsepower and torque to safely and efficiently collect residential recycling refuse, future fuel efficiency enhancements may be achieved with hybrid electric truck chassis available in model year 2010 in this class and use of truck. No prototypes or production models are available at this time.

The Public Works Department in cooperation with Mid American Recycling has arranged to commence the roll-out of single-stream automated recycling ahead of schedule. Originally forecasted for December, single-stream recycling will now begin in late September of 2008. The earlier roll-out will make this more convenient form of recycling available to residents sooner and avoid implementation under the more adverse weather conditions of winter. Most importantly, the City of Des Moines will begin recycling greater quantities of materials sooner while reducing fuel consumption and landfill amounts. Rental of trucks will be needed to meet the earlier roll-out. The estimated cost of the truck rental is \$67,500, but will be offset by an estimated \$35,135 in cost savings related to from labor, fuel and tipping fees.

The lease purchase of up to 40,000 carts from Toter, Inc. has already been approved. 32,000 carts will be ordered initially through lease purchase, and additional carts will be purchased with cash. Assembly and delivery by the cart provider is recommended as an efficient and cost-effective method of cart distribution. The experience of Toter, Inc. in providing assembly and delivery services was evident in

2003 when the City implemented automated solid waste collection. Their logistics knowledge and experience with the tools and equipment required for fast and efficient assembly and delivery is unique to their style of carts. The matter was brought to the attention of the City Manager who agreed with staff and the City Procurement Administrator and determines that good cause has been shown to secure assembly and delivery services from Toter, Inc., absent competitive bid.

The final action amends the amount of Master Lease Purchase Supplement C-2 from not to exceed \$3,025,000 for the financing of five (5) trucks and 40,000 collection carts to \$2,632,129 for five (5) trucks and 32,000 collection carts. The purchase of additional carts will be cash financed.

#### **PREVIOUS COUNCIL ACTION(S):**

Date: July 28, 2008

Roll Call Number: 08-1350

Action: On Supplement No. C-2 to the Governmental Lease-Purchase Master Agreement with DeLage Landen Public Finance LLC, to acquire 5 recycling trucks and 40,000 recycling bins, not to exceed \$3,025,000. (Council Communication No. 08-431) Moved by Hensley to adopt. Motion Carried 7-0.

Date: July 14, 2008

Roll Call Number: 08-1271

Action: Approving Single-Stream Recyclables Processing Contract with Mid-America Recycling, LLC. (Council Communication No. 08-413) Moved by Kiernan to adopt. Motion Carried 6-1. Nays: Coleman.

Date: June 9, 2008

Roll Call Number: 08-1056

Action: Accepting report from Hearing Officer on appeal of Evaluation and Selection Committee recommendation for RFP for single-stream recyclables processing, rejecting all proposals, and directing City Manager to examine and recommend a new competitive process. (Council Communication No. 08-346) The City Council made 3 motions. 1) Moved by Hensley to find that the evaluation and selection committee was not biased and to affirm the findings and report of the Deputy City Manager regarding the Recycling Inc. appeal. Motion Carried 6-1. Absent: Mahaffey. 2) Moved by Hensley to reject all proposals received in response to the Request for Proposals (RFP), per Section 2-758 of the Municipal Code, and Section 16 of the Standard Provisions and Requirements for the RFP. Motion Carried 6-1. Absent: Mahaffey. 3) Moved by Hensley to waive the use of the RFP proposal process, pursuant to Section 2-710(b), for good cause shown, namely the time and delay involved, and instead to direct the City Manager and Public Works Director to negotiate a contract with Mid America Recycling, and to bring it back to City Council for review and approval. Motion Carried 4-2-1. Nays: Coleman and Vlassis. Absent: Mahaffey

Date: February 25, 2008

Roll Call Number: 08-317

Action: Issuance of Request for Proposals (RFP) for single-stream recyclables processing. (Council Communication No. 08-081) Moved by Hensley to adopt; refer to the City Manager to schedule a Council workshop to discuss solid waste and recycling. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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