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To: Lemoore City Council *JS* **Item # 5**
From: Joe Simonson, Parks and Recreation Director
Date: April 25, 2013
Subject: Authorization to Purchase CNG Refuse Truck(s)

Discussion:

City Council was presented information regarding the CNG usage and savings at the March 19, 2013 meeting. In reviewing this report, Staff noted there are several areas where the City will receive major cost savings with minimal expenditures. See items below:

- Fuel cost savings between CNG and diesel is just under \$2.00 per gallon and provides an immediate impact to department budget expenditures.
- The side loader units have the highest repair and fuel cost. The three units in line to be replaced have increased repair charges, due to age, the number of stops (1250-1300 per day) and load capacity.
- Current balance of funding available in the Grant is approximately \$716,000.

In preparation for department budgets and replacement of a side loader, the following chart notes statistics for the current side loader units. The Refuse and Fleet Staff have requested demonstrations by several manufactures for multiple styles of equipment, spoke with multiple entities of CNG refuse trucks, conducted an analysis of current equipment/cost, had discussions with manufacturers for savings/bonus buying, and met together with Department heads to determine the specifications of the best manufacturer and the benefits of replacing two of these units now.

Unit	Peterbilts In Service Date	Repair Cost 01/01/2009 to 3/18/2013	Repair Cost 01/01/12 to 02/28/13	Average Fuel Cost Monthly	Average Fuel Cost Yearly
110	1/26/2006	\$ 121,221.74	\$ 41,000.05	\$ 1,611.71	\$ 24,791.58
111	5/11/2006	\$ 154,841.45	\$ 46,368.49	\$ 1,485.31	\$ 20,524.12
113	2/28/2008	\$ 139,889.02	\$ 44,908.55	\$ 1,249.82	\$ 23,803.54

The fuel savings for two units would equal approximately \$22,000 per year and additional savings would be realized in repair cost of approximately \$50,000. New units would be under warranty. Preventative maintenance and tire replacement cost would still be incurred.

Staff is requesting authorization to go to bid for replacement of two units. Purchasing two units will provide the following benefits: greater possibility of multiple purchase discounts; purchasing the second unit a year from now may have significant price increase; part inventory the same for the two units; and immediate department savings.

Budget Impact:

If approved, a down payment for winning bidder would be expended upon request to order; CMAQ CML5115 funding would cover the purchase cost; and City savings would begin immediately upon putting trucks on route. Staff expects there to be approximately \$100,000 after purchase of units.

Recommendation:

That the City Council, by motion, authorize staff to go to bid for purchase of two refuse side loader units and authorize staff to award bid, sign purchase paperwork and documents necessary for receipt of two refuse trucks.