

## MEMO

To: District Manager

From: Director of Operations

Subject: Request for Vehicle Purchase, Waiver of Formal Bidding Procedures

Date: May 14, 2009

### **RECOMMENDATION**

It is recommended that the District Manager review this memo and request the Board of Directors to approved the attached resolution authoring the waiver of formal bidding procedures and direct staff to negotiate purchase of three new vehicles.

### **BACKGROUND**

The District's 2008-2009 Fiscal Year Budget provides for the purchase/replacement of three District vehicles. The vehicles being replaced are; 4X4 SUV assigned to the Director of Operations, three yard dump truck assigned to maintenance, and a 4X4 midsize pick-up assigned to Customer Service staff.

In the past, the District has showed an interest in the purchase of green vehicles to reduce greenhouse gas emissions produced by the District's fleet. In reviewing alternative fuel and type of vehicles available in today's market, the following vehicles could meet the needs of the District.

### **HYBRIDS**

Hybrids combined two or more different propulsion systems, typically a gasoline engine and one or more electric drive motors. Most hybrids on the road today compliment there gas engines by charging a battery when breaking. Engines running on diesel or other alternative fuels can also be used in a hybrid. A hybrid drive is fully scalable, which means the drive can be used to power everything from small commuter cars to large buses even locomotives. Hybrids get more miles per gallon than most non-hybrids, and usually have very low tailpipe emissions.

### **ELECTRIC CARS**

Electric cars produce zero localized emissions since they're propelled by electric motors that run on batteries charged at home, or special electric charging stations. Car manufactures are actively developing a new generation of electric cars using technologies

and lessons learned from electric vehicles developed in the 1990s. Electric cars are extremely efficient and run for pennies per mile, much cheaper than any other alternative fuel.

### **ETHANOL FUEL VEHICLES**

Ethanol (ethyl alcohol) is the same type of alcohol found in alcoholic beverages. As a fuel, ethanol can be used in more than 30 flex fuel vehicle models that have been designed to run on alcohol, gasoline, or any combination of the two fuels from the same tank. Most ethanol today is produced from corn or sugar cane, although this will change as cheaper cellulose ethanol made from fast growing woody grasses and other biomass becomes a reality.

### **HYDROGEN & HYDROGEN FUEL CELLS VEHICLES**

Hydrogen is perhaps the cleanest of all alternative fuels, burning with nearly zero emissions in an internal combustion engine and with emissions of only water vapor and heat in an electro-mechanical fuel cell. Hydrogen vehicles are being developed in many forms by most major car manufactures. Some vehicles powered by hydrogen are in demonstration fleets, while others like the Honda FCX clarity and Chevy Equinox Fuel Cell are being driven by consumers.

### **NATURAL GAS VEHICLES**

Natural gas, the cleanest burning fossil fuel, is being used by an increasing number of medium and heavy duty commercial vehicles like refuse trucks and buses. Natural gas is stored and used in its liquefied or compressed states. It is most commonly abbreviated as LNG for Liquefied Natural Gas and CNG for Compressed Natural Gas. While a variety of light-duty natural gas cars were once available, the only factory-produced natural gas car made today in the U.S. is Honda's Civic GX. Other car models may be developed and sold in the United States as additional focus is placed on natural gas as a fuel source for alternative fuel vehicles.

### **PLUG IN HYBRIDS**

Plug in hybrids boast great potential for improving fuel economy. Plug in hybrid technology allows gasoline-electric hybrid vehicles to be recharged from the grid and run many miles on battery power alone. A gas engine provides additional driving range as needed after the battery power is gone. Plug in hybrids may never need to run on anything but electricity for shorter commutes. The combination of gas and electric driving technologies can already achieve up to 150 mpg.

### **BIODIESEL**

Biodiesel is a renewable alternative fuel made from various sources ranging from waste vegetable oil to soybeans. It can often be used seamlessly in diesel engines of all kinds.

Biodiesel is a cleaner fuel than standard petroleum diesel. Since it can be produced locally, biodiesel has the potential to decrease our dependence on foreign countries for oil, and enhance local economies where biodiesel production is taking place.

## **OVERVIEW AND FINDINGS**

In reviewing available vehicles, staff has many concerns with a purchase of a hybrid or alternative fuel vehicle. The closest dealership to the District is Ford Motor located in Santa Cruz. A specialized vehicle would require maintenance and repairs from the dealer. Ford Motor at this time manufactures the Escape Hybrid a mid size SUV that is too small to meet the needs of the District. Ford does not make a hybrid pick-up or dump truck.

General Motors manufactures a hybrid 4X4 SUV that would meet the needs of the District. However, the closest GM dealership is in Watsonville or San Jose and hybrid has an additional cost of approximately \$4,500. Other problems associated with alternative fuel vehicles are locating fuel. Natural gas and biodiesel is available at only two locations in Santa Cruz

Generally staff would purchase vehicles through the State of California, Department of General Services, Procurement Division, California Multiple Award Schedule (CMAS). This year vehicles provided by CMAS are manufactured by Chrysler LLC who on April 30, 2009 filed for bankruptcy and announced on April 14, 2009 the closing of 789 dealerships. Two remaining manufacturers Ford Motor and General Motors both manufacture vehicles to meet the needs of the District; however Ford Motor is the only dealership located in Santa Cruz. One of the vehicles for replacement is a 1999 gasoline powered three-yard dump truck. Replacing this vehicle with a diesel powered vehicle will produce lower emissions and as biodiesel becomes more available will be able to utilize biodiesel. This vehicle currently is the highest producing CH<sub>4</sub> emissions of the fleet

Staff is recommending a negotiated purchase for three vehicles manufactured by Ford Motor Company; a gasoline 4X4 SUV, gasoline mid-size pickup, and a diesel three yard dump truck. At this time Ford Motor Co appears to be financially solvent, which is very important relative to long term manufacturer warranties purchased by the District. Currently, due to the slowing economy there are several ready to drive vehicles available. Staff has contacted several dealerships inquiring on the availability and governmental procurement procedures. Because Ford offers the District "Governmental fleet discounting" it is very difficult to obtain formal bids at this time for a governmental agency. With the current economy, a negotiated purchase from dealerships is expected to be lower than the governmental or CMAS pricing. The District will also save several thousand dollars by not paying the State of California CMAS fees.

District Ordinance 8, Article 18 .8(a) Waiver of Provisions-Competitive Bidding, states "Notwithstanding any other provision of these rules, the Board by four-fifths (4/5) vote

may waive as to individual purchases, the competitive bidding requirements of these rules and may make such purchasing without calling for bids”.

Its is recommended that the Board of Directors review this memo and adopt the attached resolution authoring staff to negotiate purchase of three vehicles waiving formal bidding procedures.

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Rick Rogers  
Director of Operations

**SAN LORENZO VALLEY WATER DISTRICT**

**RESOLUTION NO. (08-09)**

**SUBJECT: AUTHORIZATION TO PURCHASE VEHICLE REPLACEMENT FOR TRUCK #133, TRUCK 480, AND TRUCK 339**

WHEREAS, the District's 2008-2009 Fiscal Year Budget provides for the replacement of three (3) vehicle; and

WHEREAS, the vehicle scheduled for replacement is the Director of Operations vehicle, Truck #333, Customer Service Vehicle Truck 339, and Three Yard Dump Truck 480; and

WHEREAS, these vehicle have reached there life expectancy, and

WHEREAS, that the Board of Directors of the San Lorenzo Valley Water District hereby authorizes waiver of formal bidding procedures pursuant to Ordinance 8, Article 18.8

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of the San Lorenzo Valley Water District hereby authorizes staff to purchase one (3) vehicle replacement for Truck #333, #339, and #480 through negotiated purchase

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PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 21<sup>st</sup> day of May 2009, by the following vote of the members there of:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

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Brandon Barchi, District Secretary  
San Lorenzo Valley Water District