



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Reviewed by Wmm Date 2-13-09
General Manager

DATE: February 12, 2009
TO: General Manager
FROM: Assistant General Manager/Equipment Maintenance Manager
SUBJECT: Purchase of New Roll-Off Boxes

RECOMMENDATION: That the Board of Directors authorize the purchase of twenty (20) new roll-off boxes from Wastequip of Lockeford, California, for a total price of \$141,313 (including sales tax and freight). Funds will be reallocated in the Capital Outlay Budget for this unanticipated purchase.

BACKGROUND

The purchase of two roll-off trucks was approved by the Board at the August 2008 meeting and the order was placed shortly thereafter. At that time, staff had not completed an inventory of the roll-off boxes in the District's fleet. Staff has since completed the inventory which revealed that more than 75% of the existing roll-off boxes are either not repairable or require substantial repair. Although the truck body manufacturer, Stellar Truck, inspected the old trucks and boxes, staff did not write the specific rail widths into the truck body specification. As a result, the new roll-off truck body (which is ready for delivery), represents a "standard" type body construction, rather than the "non-standard" body unique specification the District currently has in place with its 14 year old fleet. All bidders responded to the same set of specifications, so Stellar Truck would still be the low bidder. However, given the present inventory of the District roll off boxes and the heavier lifting capability of the new trucks as currently configured, District staff would like to seize the opportunity to "standardize" both its roll-off fleet of trucks and boxes, to current industry standards.

The truck assembler, McClellan, as part of its responsibility, is agreeing to spend up to \$10,000, of its own money, (enough to modify up to 10-12 boxes) to help the District repair and modify the roll-off boxes that can be repaired and placed back into service. District staff believes that further investment in non-standard boxes and roll-off trucks does not serve the long-term interests of the District given the current condition of the roll off box inventory which has not been replaced over the past few years because of constraints to capital expenditure priorities.

Staff met with Stellar Truck to discuss an alternative process to rectify this situation and to recommend a solution. Stellar Truck is willing to engineer and build a lower capacity body to fit our current roll-off boxes; however it will take in excess of 90 days and cost an additional \$7,500 per truck. Our new truck model is a heavier duty model and it conforms to industry standards. The Stellar 65 Slider has the heavier lifting ability needed at the District and a longer life cycle since it will not have to work consistently at or above its rated capacity.

When the original MRF equipment was purchased in 1994, staff made a decision to keep its roll-off box inventory different from the standard industry specifications since at that time the District utilized local haulers to move materials from remote drop-off locations and from on site uses for recyclable material. This difference allowed for the District to track its inventory easily and not allow a co-mingling of boxes with other solid waste haulers. However, District staff has, over the past two years, substantially adjusted MRF and other site operating practices in our efforts to eliminate, consolidate, and out-source certain functions previously undertaken by District staff and equipment. This was done in an effort to hold operating and capital costs down while keeping service levels at the same constant levels as before.

The current non-standard industry specification for our boxes and trucks also reduces the District's options and flexibility to purchase used boxes instead of new boxes in the future. Additionally, in the event changes at the District eliminate or reduce the need for roll-off trucks in the future, the truck and box resale value would not exist or would be substantially lower than others in this industry. The industry standard rail width used by Waste Management, Inc., BFI, A&S Metals and others is 35" ID (inside diameter) with a maximum 42" OD (outside diameter); our boxes measure 28" ID x 35" OD.

DISCUSSION

As background information for this request, staff received quotes from three manufacturers for 20 roll-off boxes and Wastequip responded with the lowest quote (attached) of \$141,313 including taxes and freight. The other two quotes were from Consolidated Fabricators for \$152,800 and OSW Equipment for \$189,900, both not including taxes and freight. The funds for the 20 boxes will be reallocated from the following Capital Outlay budgeted items:

1) Roll-Off Boxes -	\$45,000
2) Site Paving Shop Area -	\$25,000
3) Site Vehicles Replacements -	\$60,000
4) MRF Capital Repairs (Floor) -	\$10,000
5) Miscellaneous Equipment	\$ 1,313
	<u>\$141,313</u>

The FY 2008/09 Capital Outlay Budget includes \$45,000 for roll off box replacement, enough to purchase five (5) new (non-industry standard) boxes. Staff planned to request funds in the Capital Outlay Budgets for 2009/10 and 2010/11 to replace an additional fifteen (15) roll off boxes that have reached or will soon reach the end of their useful life. The District is in a unique position to take advantage of the opportunity to standardize the roll-off trucks and boxes it uses, which staff believes makes substantial operational sense over the short-term and long-term.

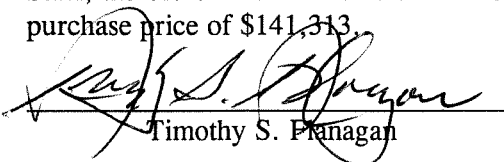
As District staff has now changed operating practices to allow for certain work tasks to be supported by outside vendors, and as we are replacing two of the District's three roll-off trucks, staff believes that the timing of the truck purchase and continued assignment of specific responsibilities to outside vendors makes the request for reallocation of capital funds for the purchase of the new boxes is in the best interests of the District. Such favorable circumstances are not likely to occur again with future box purchase needs and two new roll-off trucks ready to go.


OPTIONS

1. Maintain current non-standard box and truck dimensions at a cost of \$7,500 per truck and future undetermined cost of maintaining non-industry standard boxes and reduced operational flexibility and reduced ability to continue to out-source transportation operations.
2. Reallocate budgeted capital funds for FY 2008/09 to replace roll-off box inventory to industry standards.

CONCLUSION

Staff, therefore recommends that the Board of Directors approve the purchase of twenty (20) new roll-off boxes for the purchase price of \$141,313.


Timothy S. Planagan


Ron Mooneyham

