Council Priority: {ResProject:ClearLine}

Summary Title: Award of Purchase Order for Ambulances

Title: Adoption of a Budget Amendment Ordinance in the Amount of $403,267 to Fund the Purchase of Two Ambulances; and Approval of a Purchase Order with Leader Industries in an Amount Not to Exceed $393,267 for the Purchase of Two Ambulances (Scheduled Vehicle and Equipment Replacement Capital Improvement Program Project VR-11000)

From: City Manager

Lead Department: Public Works

Recommendation
Staff recommends that Council:

1. Adopt the attached Budget Amendment Ordinance (BAO) in the amount of $403,267 (Attachment A) to provide an appropriation for the purchase of two ambulances;

2. Approve and authorize the City Manager to execute a purchase order with Leader Industries in the amount of $393,267 for the purchase of two ambulances; and

3. Authorize the City Manager or his designee to negotiate and execute one or more change orders to the purchase order with Leader Industries for related, additional but unforeseen work which may develop during the project, the total value of which shall not exceed $10,000.

Background

The vehicle and equipment replacement policy described in City Policy and Procedures 4-1 (Vehicle and Equipment Use, Maintenance, and Replacement), provides for the ongoing replacement of City fleet vehicles and equipment. Replacements are scheduled using guidelines based on age, mileage accumulation, and obsolescence.
The City’s fleet currently includes four ambulances. Policy 4-1 prescribes a replacement interval for ambulances of four (4) years or 85,000 miles. The existing replacement guidelines are outdated and will be extended in the next revision to the Policy. Newer ambulances are more reliable and should last in excess of 100,000 miles. However, the two ambulances that will be replaced through this purchase (#6040 and #6041) are more than 13 years old, with 111,000 and 128,000 miles respectively. In addition to exceeding the criteria for age and mileage, the ambulances to be replaced were built on medium-duty truck chassis. While the medium-duty truck platform has increased reliability and performance substantially, it has also resulted in less than optimum ride quality characteristics that have generated numerous complaints from the public. The replacement ambulances will be constructed on a light-duty chassis which will eliminate the ride quality issues. Much time and effort was invested in the existing ambulances in order to improve the ride quality and improvements were made but staff has not been able to completely resolve the issue.

**Discussion**

This purchase is being conducted with full consideration of the recent Audit of Vehicle Utilization and Replacement. The audit did not include a review of the City’s inventory of emergency vehicles, and emergency vehicles are generally exempt from minimum utilization requirements. The vehicles being replaced through this purchase have, on average, greatly exceeded the minimum mileage accumulation of 2,500 miles annually. Regardless of utilization; the City will not be able to meet its obligation for emergency response without these vehicles.

The Fleet Review Committee (FRC) approved the replacement of these vehicles on October 20, 2010, in accordance with the audit recommendations. The approval was based on:

- An examination of each vehicle’s current usage;
- An analysis of each vehicle’s operating and replacement costs;
- A comparison of the age, mileage, operating cost and performance of each vehicle with others in the class; and
- An analysis of alternatives to ownership, such as mileage reimbursement; pooling/sharing; the reassignment of another underutilized vehicle, or renting.

The FRC determined that there are no alternatives to outright replacement. Ambulances are used for specialized tasks, and are equipped with a considerable amount of medical and emergency equipment that renders them unsuitable for any purpose other than emergency medical response. This precludes their assignment to a motor pool, and rules out the use of a private vehicle with mileage reimbursement. They are each used by a single shift on a continuous daily basis, so there are no opportunities for sharing. There are no similar, underutilized vehicles available to use.
as replacements for these vehicles. Renting these vehicles would not be a cost-effective option because they are used continuously throughout the year.

**Bidding and Selection Process**
A Request for Quotation (RFQ) for ambulances was sent to 4 vendors on February 7, 2011. Bids were received from two qualified vendors on March 16, 2011, as listed on the attached bid summary (Attachment B). Bids ranged from a high of to $810,872 to a low bid of $798,483. The total bid price is for four ambulances (two to be purchased immediately, and two in Fiscal Year 2012). That purchase will be the subject of a separate staff report. The total bid price also includes a trade-in credit for two existing ambulances. Staff will not exercise the trade-in option because the trade-in credit is less than the market value for these vehicles.

Staff has reviewed all bids submitted and recommends that the bid submitted by Leader Industries be accepted and that Leader Industries be declared the lowest responsible bidder.

Staff has checked references supplied by the vendor for previous contracts and has found no significant complaints.

**Resource Impact**
The attached Budget Amendment Ordinance will provide for the transfer of funding from the Vehicle Replacement Fund Reserve into the current year’s Scheduled Vehicle and Equipment Replacement CIP (VR-11000).

**Policy Implications**
Authorization of the contract does not represent any change to the existing policy.

**Environmental Review**
The vehicles being supplied are in conformance with all applicable emissions laws and regulations. Accordingly, this purchase is exempt from the California Environmental Quality Act under the CEQA guidelines (Section 15061).

**ATTACHMENTS:**
- A: BAO - VR11000 Vehicle Replacement Ambulance  (DOC)
- Bid Summary - Ambulances  (PDF)

Prepared By: Keith LaHaie, Fleet Manager
Department Head: J. Michael Sartor, Interim Director
City Manager Approval: James Keene, City Manager
ORDINANCE NO.

ORDINANCE OF THE COUNCIL OF THE CITY OF PALO ALTO
AMENDING THE BUDGET FOR THE FISCAL YEAR 2011 TO PROVIDE
AN ADDITIONAL APPROPRIATION OF $403,267 TO CAPITAL
IMPROVEMENT PROGRAM PROJECT NUMBER VR-11000, SCHEDULED
VEHICLE AND EQUIPMENT REPLACEMENT

The Council of the City of Palo Alto does ordain as follows:

SECTION 1. The Council of the City of Palo Alto finds and
determines as follows:

A. Pursuant to the provisions of Section 12 of Article
III of the Charter of the City of Palo Alto, the Council on
June 28, 2010 did adopt a budget for fiscal year 2011; and

B. City policy on vehicle and equipment replacement
provides for the on-going replacement of City fleet vehicles
and equipment. Specifically, Policy 4-1 prescribes a
replacement interval for ambulances of four (4) years or
85,000 miles. The two ambulances that need be replaced
(#6040 and #6041) are more than 13 years old, with 111,000 and
128,000 miles respectively; and

C. The Fleet Review Committee (FRC) approved the
replacement of these vehicles on October 20, 2010, in
accordance with the audit recommendations; and

D. A Request for Quotation (RFQ) for ambulances was sent
to four vendors on February 7, 2011. Bids were received from
two qualified vendors on March 16, 2011 and Leader Industries
was declared the lowest responsible bidder. The purchase price
of two ambulances is $393,267. An additional amount of $10,000
is needed to cover contingency on possible change order; and

E. City Council authorization is needed to amend the 2011
budget as hereinafter set forth.

SECTION 2. The sum of Four Hundred Three Thousand Two
Hundred Sixty Seven Dollars ($403,267) is hereby appropriated
to CIP Project Number VR-11000.
SECTION 3. The Vehicle Replacement Fund Reserve is hereby reduced by Four Hundred Three Thousand Two Hundred Sixty Seven Dollars ($403,267) to Five Million Eight Hundred Fifty Five Thousand Seven Hundred Thirty Three Dollars ($5,855,733).

SECTION 4. As specified in Section 2.28.080(a) of the Palo Alto Municipal Code, a two-thirds vote of the City Council is required to adopt this ordinance.

SECTION 5. As provided in Section 2.04.330 of the Palo Alto Municipal Code, this ordinance shall become effective upon adoption.

SECTION 6. The vehicles being purchased are in compliance with all applicable emissions laws and regulations. Accordingly, this purchase is exempt from the California Environmental Quality Act under the CEQA guidelines (Section 15061).

INTRODUCED AND PASSED:
AYES:  
NOES:  
ABSTENTIONS:  
ABSENT:  
ATTEST:  
APPROVED:

City Clerk  
Mayor

APPROVED AS TO FORM:  
City Manager  
Director of Public Works  
Director of Administrative
Services
BID SUMMARY

Type III Ambulance
RFQ140129

Leader Industries  Bid Total $798,483.00
Golden State Fire Apparatus  Bid Total $810,872.42