



REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604
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CONSENT
July 14, 2009

Honorable Mayor and
Members of the City Council

**Title: Contract: Fleet Telemetrics and Related Services - Two Thirds Vote
Required**

Location/Council District: Citywide

Recommendation: Adopt a **Resolution:** 1) suspending competitive bidding as in the best interests of the City; 2) awarding a five-year contract to Zonar Systems for the purchase of fleet telemetrics equipment and related services in an amount not to exceed \$2.6 million for the five year period; and 3) authorizing the City Manager or the City Manager's designee to execute the contract specified above and make related expenditures provided that sufficient funds are available in the budget adopted for the applicable fiscal year(s).

Contacts: Keith Leech, Fleet Manager, 808-5869

Presenters: Not applicable

Department: General Services

Division: Fleet Management

Organization No: 13001311

Description/Analysis:

Issue: The Department of General Services, Fleet Management division is recommending implementation of a comprehensive fleet telemetrics solution in an effort to reduce fuel consumption and vehicle emissions as well as provide improved efficiencies through automation of current processes. In accordance with City Code Section 3.56.230, the City Council may, by a two-thirds vote, suspend competitive bidding for any purchase or contract in the best interests of the City.

Policy Considerations: The recommendations in this report are in accordance with the provisions of City Code Section 3.56.

Environmental Considerations:

California Environmental Quality Act (CEQA):

The current proposal involves the purchasing of fleet telemetrics equipment and related services for City vehicles. The proposal is not a 'project' in accordance with Section 15378 (b) (2) of the California Environmental Quality Act Guidelines. The proposal involves a continuing administrative activity. Therefore, as determined by the City's Environmental Services Planning Manager, no environmental review is necessary.

Sustainability Considerations: Implementation of fleet telemetric solutions such as global positioning systems (GPS) has been identified in the Fleet Sustainability Policy recently adopted by City Council on January 27, 2009 and Administrative Policy Instruction number 57 (API 57). Implementation of GPS solutions in vehicle fleets has been proven to reduce fuel consumption. The proposed system also incorporates greenhouse gas and other emissions calculations and reporting based on recognized standards.

Committee/Commission Action: Not applicable

Rationale for Recommendation: GPS systems are used on fleet vehicles to provide efficient driving routes, track idle time, speeding violations, engine problems, and trip distances. During FY2007/08, a pilot GPS implementation on eleven vehicles in the Animal Care Services division resulted in a 20% reduction in fuel consumption and related expenditures.

Suspending competitive bidding and awarding a five-year contract to Zonar Systems for the purchase of fleet telemetrics equipment and related services in an amount not to exceed \$2.6 million is recommended for the following reasons:

- Zonar Systems has certified to Fleet Management staff that it is the sole manufacturer and provider of a GPS product with an integrated, electronic verified pre-trip and post-trip vehicle inspection feature. This Electronic Vehicle Inspection Report (EVIR) will aid City staff in the compliance with State mandated daily vehicle inspections. Any mechanical concerns found during daily inspections will initiate an instant email notification to the appropriate fleet shop for immediate attention or scheduled workload based on the severity of the concern. Market research conducted by Fleet Management staff confirms there is no other GPS product with this feature.
- The Zonar Systems product provides an automated, paperless vehicle

inspection process and record retention system that meets California Highway Patrol requirements for commercial vehicle safety.

- The Zonar Systems product provides high definition data that can be used to verify services rendered by City departments. During the Zonar Systems implementation in the Solid Waste division, data was captured that showed each waste container picked up during daily routes. This high definition GPS data is different from other GPS systems because of its very high sample rate providing accurate and real time location data.
- During FY2008/09, Fleet Management initiated a pilot implementation of fleet telemetrics equipment manufactured by Zonar Systems on 84 vehicles in the departments of Utilities, Fire, Transportation, Code, and Development Services. The equipment has performed as expected and helped departments achieve operational efficiencies, fuel savings, and decreased maintenance and repair cost and vehicle down time. As an example, preliminary results in the Solid Waste division show that idle times have been reduced by more than two hours per vehicle resulting in estimated savings of \$2,800 in fuel costs per month.
- The recommended contract with Zonar Systems will result in a long-term pricing agreement with a single vendor and establish the purchasing authority for Fleet Management to incorporate the use of standardized new technologies consistent with the Fleet Sustainability Policy.

Financial Considerations: This report recommends awarding and executing a five-year contract with Zonar Systems for the purchase of fleet telemetrics equipment and related services. The recommended not to exceed contract amount of \$2.6 million is based on an anticipated implementation plan to outfit approximately 200 - 275 City vehicles per year over the next five years. The potential five year term of this contract will begin in FY2009/10 and conclude in FY2013/14. An estimate of the annual expenditures for equipment and service is provided in Attachment 1.

The Fleet Management division will work with City departments and the Budget Office to verify sufficient funding before making any expenditure. Expenditures will be made in a phased approach after working with City departments to determine where the best return on investment can be achieved, and where there is the greatest opportunity for improved operational efficiencies and customer service. Initial expenditures are being considered for the heavy duty fleet since those vehicles use the most fuel, create the most emissions, and have some of the greatest vehicle idling time, and in light duty vehicles in departments and divisions such as Code Enforcement and Animal Care since there is a high potential for efficiencies in routing and in integration with 311 dispatching. Expenditures will be made from the Fleet Fund (Fund 6501) and charged back to departments.

Beginning in FY2009/10, Fleet Management will routinely outfit all new purchased vehicles with this equipment prior to activation and include the hardware cost in the vehicle purchase cost and budget. Ongoing service costs are anticipated to be provided for within the existing budgeted resources through the reallocation of fuel, and fleet operations and maintenance cost savings as they are achieved. Once the system is fully implemented, Fleet Management anticipates an estimated 10% fuel savings due to routing efficiencies and idle reduction strategies. The Fleet fuel budget for FY2008/09 was \$8 million.

Sufficient funds are available in the Fleet Fund FY2009/10 proposed budget for the estimated first year expenditure of \$374,000. All purchases are subject to funding availability in the adopted budget of the applicable fiscal year. Fleet Management staff will pursue grant opportunities, as available, to offset expenditures under the recommended contract.

Emerging Small Business Development (ESBD): Zonar Systems is not certified as an emerging/small business enterprise.

Respectfully submitted by: 
Keith Leech
Fleet Manager

Approved by: 
Reina J. Schwartz
Director, Department of General Service

Recommendation Approved:

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Ray Kerridge
City Manager

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Attachment 1

Estimated annual Expenditures	Planned number of installations	Equipment *	Service fees	Annual Total
Year 1	up to 275	\$227,118	\$146,094	\$373,211
Year 2	up to 275	\$227,118	\$237,528	\$464,645
Year 3	up to 225	\$196,079	\$313,974	\$510,053
Year 4	up to 225	\$196,079	\$390,420	\$586,499
Year 5	up to 225	\$196,079	\$466,866	\$662,945
			Grand Total	\$2,597,354

* Expenditures are based on hardware costs detailed in the table below. Additional discounts up to 10% may be applied with increased quantities.

Costs per vehicle

Item	Light Duty Vehicles	Heavy Duty Vehicles
Hardware **	\$339.94	\$739.89
Input / Output Leads	N/A	\$25.00
J3 - Wireless ECU Interface	\$207.89	\$207.89
Activation Fees	\$25.00	\$25.00
Monthly Service	\$24.98	\$30.98

** Hardware costs include 3 year extended warranty.

RESOLUTION NO. 2009-XXXX

Adopted by the Sacramento City Council

July 14, 2009

SUSPENDING COMPETITIVE BIDDING AND AWARDING A CONTRACT FOR THE PURCHASE OF FLEET TELEMETRICS EQUIPMENT AND RELATED SERVICES

BACKGROUND

- A. The implementation of a comprehensive fleet telemetrics solution on City fleet vehicles is consistent with the Fleet Sustainability Policy adopted by City Council on January 27, 2009.
- B. In accordance with City Code Section 3.56.230, the City Council may, by a two-thirds vote, suspend competitive bidding for any purchase or contract in the best interests of the City. Suspending competitive bidding and awarding a five year contract to Zonar Systems is in the best interest of the City for the following reasons: 1) the Zonar Systems product includes features that meet the needs of the City; and 2) market research by Fleet Management staff confirms there is no other manufacturer that offers a GPS product with an integrated, electronic verified pre-trip and post-trip vehicle inspection feature.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. It is in the best interests of the City to suspend competitive bidding, and competitive bidding is hereby suspended for the purchase of fleet telemetrics equipment and related services.
- Section 2. Zonar Systems is awarded a five-year contract for the purchase of fleet telemetrics equipment and related services in a total amount not to exceed \$2.6 million.
- Section 3. The City Manager or the City Manager's designee is authorized to execute the contract specified above and make related expenditures provided that sufficient funds are available in the budget adopted for the applicable fiscal year(s).

