



Legislation Details (With Text)

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Title: Resolution to Amend the Fleet and Facility Unit FY 2013 Budget by Appropriating Funds from the Fleet Services and Solid Waste Fund Balances and to Approve the Purchase of Two Compressed Natural Gas Powered Front Loading Refuse Trucks from Bell Equipment Company (ITB # 4250 \$604,714.00) (8 Votes Required)

Sponsors:

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Attachments:

Date	Ver.	Action By	Action	Result
2/19/2013	1	City Council	Approved	Pass

Resolution to Amend the Fleet and Facility Unit FY 2013 Budget by Appropriating Funds from the Fleet Services and Solid Waste Fund Balances and to Approve the Purchase of Two Compressed Natural Gas Powered Front Loading Refuse Trucks from Bell Equipment Company (ITB # 4250 \$604,714.00) **(8 Votes Required)**

The attached resolution authorizes the purchase of two front loading refuse trucks with Compressed Natural Gas (CNG) powered engines. The trucks will be used by the Public Services Area, Field Operations Unit.

These trucks will replace two 2008 model year trucks that have experienced excessive down time and repair cost. Truck number 8515 has been in service for 5 years with 5,770 hours of operation. In fiscal years 2011 and 2012 the repair cost have averaged over \$54,000.00 per year and the truck has averaged slightly less than two breakdowns per month. In the first 6 months of FY 2013 the repair cost has exceeded \$56,000.00 and it has had 24 breakdowns taking it out of service for over 140 hours.

Truck number 8516 has been in service for 4.5 years with 6,900 hours of operation. In fiscal years 2011 and 2012 the repair cost have averaged over \$35,500.00 per year and the truck has averaged more than two breakdowns per month. In the first 6 months of FY 2013 the repair cost has exceeded \$46,500.00 and it has had 27 breakdowns taking it out of service for over 100 hours.

The excessive amount of breakdowns has meant that one of these two trucks has been out of service 23% of the time this fiscal year. This has increased cost to the operating budget for rental trucks and employee overtime. This has also caused the overuse of the remaining truck preventing it from being taken out of service to perform deferred maintenance, resulting in higher repair costs when the components fail. The excessive number of breakdowns has also caused us to be unable to properly serve the downtown/DDA customers.

When these trucks were purchased, the Public Services Area Administrator felt that it was a possibility that the City would be contracting out commercial refuse and recycling collection and did not want to purchase new trucks that could possibly be in service for a year or less. We therefore chose a “lease to buy” option that would allow us to turn the trucks back in to the lease company if the operation was eliminated from City services. By leasing these trucks, the units we received were “stock” trucks off the lot and not built to the same specification as the units we are proposing to purchase. A few of the differences between the old trucks and our standard specification include a higher horsepower engine, stronger frame and thicker steel in the packer body. Both 8515 and 8516 were placed on our standard replacement schedule of 7 years which would have them replaced in FY 2015, but given the excessive downtime and repair cost and the effects to the operations we are requesting that they both be replaced earlier and purchased now.

On January 1, 2013 Heil Corporation announced a 5% price increase for all new refuse truck purchases. Bell Equipment and Heil Corporation have agreed to absorb the price increase and allow the City to purchase these two trucks at the same price they submitted to ITB # 4250 on September 7, 2012.

Bell Equipment Company, Lake Orion, MI using Interstate Volunteer Volvo & GMC, Inc., Chattanooga, TN as its subcontractor/chassis supplier, was the lowest responsible bidder to ITB # 4250, (See Bid Tab listed below). The purchase price for a standard diesel powered truck is \$269,100.00 with the upgrade to a CNG powered engine at \$33,257.00 for a total price of \$302,357.00.

<u>Vendor</u>	<u>Truck</u>	<u>CNG Option</u>	<u>Total Cost</u>
Bell Equipment Company	\$269,100.00	\$33,257.00	\$302,357.00
Great lakes Service Center	\$296,430.00	\$33,257.00	\$329,687.00
Fredrickson Supply, LLC	\$250,786.00	\$33,083.00	\$283,869.00*

*Does not meet specification

By equipping the truck with a CNG powered engine, we expect to save approximately \$60,000.00 in fuel cost and Diesel Exhaust Fluid over both trucks’ 7 year life cycle. The CNG engine will produce 220 tons fewer green house gas emissions and use 1,900 fewer barrels of oil in the same time frame.

This purchase follows the goals and guidelines of the City’s Green Fleet Policy to reduce the amount of fuel used and to pay a premium for “greener” vehicles if necessary.

The Fleet and Facility Unit has collected \$366,000.00 in the Fleet Fund balance for the purchase of these two trucks and the remaining \$238,714.00 is available in the Solid Waste Fund’s fund balance for this purchase. These amounts need to be appropriated to the Fleet and Facility Unit FY 2013 budget.

Bell Equipment Company received Human Rights approval on October 4, 2012.

Prepared by: Thomas A. Gibbons, Financial Analyst-Fleet and Facility Unit

Reviewed by: Matthew J. Kulhanek, Manager Fleet and Facilities Unit and Matt Warba, Interim Manager Field Operation Unit and Craig Hupy, Public Services Area Administrator

Approved by: Steven D. Powers, City Administrator

Whereas, The Fleet & Facilities Unit needs to purchase replacement Front Loading Refuse trucks for the City’s fleet;

Whereas, The Fleet and Facility Unit recommends replacing the two trucks this fiscal year instead of their scheduled replacement in FY 2015 due to excessive repair cost and downtime;

Whereas, Bell Equipment Company was the lowest responsible bidder to ITB # 4250;

Whereas; Purchasing these trucks with a Compressed Natural Gas engine will reduce its green house gas emissions by 220 tons, compared to a similar diesel powered engine; and

Whereas, Bell Equipment Company received Human Rights approval on October 4, 2012;

RESOLVED, That the City Council approves an amendment to the Fleet and Facility Unit FY 2013 budget by appropriating \$366,000.00 from the Fleet Services Fund Balance;

RESOLVED, That the City Council approves an amendment to the Fleet and Facility Unit FY 2013 budget by appropriating \$238,714.00 from the Solid Waste Fund Balance;

RESOLVED, That City Council approve the issuance of a purchase order to Bell Equipment Company for the purchase of two 2013 Mack MRU 613 chassis with Compressed Natural Gas powered engines and Heil Half Pack model packer bodies at \$302,357.00 each for a total of \$604,714.00;

RESOLVED, That funds are to be available without regard to fiscal year;

RESOLVED, That the refuse trucks being replaced (#s 8515 and 8516) be sold at auction; and

RESOLVED, That the City Administrator be authorized to take the necessary actions to implement this resolution.