

Staff Summary Report



Council Meeting Date: 6/16/2011

Agenda Item Number: _____

SUBJECT: Request approval to increase the contract amount with Trucks West of Phoenix for the purchase of refuse vehicles for use by the Public Works Department.

DOCUMENT NAME: 20110616fsta03 PURCHASES (1004-01)

COMMENTS: The additional requested amount will not exceed \$1,100,000 and will increase the contract value from \$1,100,000 to \$2,200,000. The current contract is valid through September 15, 2011.

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REVIEWED BY: Jerry Hart, CPA, Deputy Finance & Technology Director - Finance, 480-350-8505
Michael Greene, CPM, Central Services Administrator, 480-350-8516
Don Bessler, Public Works Director, 480-350-8205
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Aaron Alvarado, Fleet Manager, 480-350-8344
Kevin Devery, Fleet Analyst, 480-350-8088
Mary Helen Giustizia, Solid Waste Services Manager, 480-350-8151

LEGAL REVIEW BY: Dave Park, Assistant City Attorney, 480-350-8907

DEPARTMENT REVIEW BY: Ken Jones, Finance & Technology Director, 480-350-8504

FISCAL NOTE: (T10-014-01) Sufficient funds have been budgeted in cost center 3713 (Solid Waste Fund) for the anticipated expenditures in the upcoming fiscal year.

RECOMMENDATION: Approve the increase in the contract value.

ADDITIONAL INFO: The City of Tempe issued a Request for Proposal (RFP) to establish a term contract for the purchase of refuse vehicles for use by the Public Works Department. The contract was issued for an initial one-year term with four one-year renewal options. Council approved the utilization of the first available extension of the contract on October 7, 2010 in an amount not to exceed \$1,100,000. The additional \$1,100,000 requested will cover the purchase of four front load refuse vehicles budgeted in FY 2011/2012.

Subsequent to purchases made for FY 2010/2011 the vendor requested and the City approved, after a thorough market analysis, a price increase of between 6.59% and 7.09% for the various types of refuse vehicles routinely purchased by the City. The market analysis confirmed there have been cost increases in key commodity areas including steel, rubber, and fuel.

There are a total of four vehicles slated for replacement in the upcoming fiscal year. They are front load units utilized for commercial refuse collection. Three of the vehicles are at the end of their useful life of 7 years when repair costs and down time increase substantially. Once replaced, the units will be sold at auction to recover any residual value. One of the units to be replaced was damaged in a fire and is beyond practical repair – it will be replaced with a combination of funds including insurance reimbursement and auction funds from previously sold Solid Waste vehicles.