

**CITY OF TEMPE  
REQUEST FOR COUNCIL ACTION**

**Council Meeting Date: 10/16/2014  
Agenda Item: 5B12**

**ACTION:** Award a one-year contract with four, one-year renewal options to RDO Equipment Company for the purchase of backhoe loaders for the Public Works Department.

**FISCAL IMPACT:** Total cost of this contract shall not exceed \$185,000 during the initial one-year contract period. Sufficient funds have been appropriated in the Water/Wastewater Fund – cost center 3022 (Distribution and Collection) – for the anticipated expenditures in the current fiscal year.

**RECOMMENDATION:** Award the contract.

**BACKGROUND INFORMATION:** (RFP 15-034) The City of Tempe issued a Request for Proposal (RFP) to establish a contract for the purchase of backhoe loaders which are used by the Water/Wastewater Division of Public Works to make repairs to water systems.

The new backhoe loaders will replace unit 318, which is 18 years old, and unit 393, which is 17 years old. The replaced units will be sold at auction to recover their residual value.

Vehicle Replacement Strategy

The single largest factor affecting the cost of ownership of a municipal fleet is its size. As part of a continuous effort to ensure that City operations are managed efficiently and cost effectively, City departments are collaborating with Financial Services and Public Works to strategically right-size the fleet. Going forward, eliminating or redeploying underutilized vehicles that are not mission-critical or that do not significantly impact service delivery or special operations, allows the reallocation of limited City funding for programmatic and operational priorities throughout the organization.

In keeping with municipal fleet industry best practices, the City’s vehicle replacement strategy is centered on asset protection and lifecycle cost analysis for each category of vehicle and equipment. This lifecycle analysis involves capital costs, depreciation costs, operating and maintenance costs, and residual value at auction. Fleet Services determines the lowest annualized cost of equipment by category to establish replacement guidelines that provide the lowest overall cost of the City’s fleet.

Subsequent to the analysis, meetings are held with departments to provide cost of ownership and vehicle utilization data, verify the need for vehicle replacement, possible replacement with a smaller, more fuel efficient vehicle, or elimination of the vehicle from the fleet – only requests for replacement vehicles that have made it through this process are budgeted for the individual departments. All of the requested vehicles will replace existing vehicles that have reached the point in their lifecycle where they have exhausted the ability to be efficient, effective, and achieve the overall lowest cost of operation.

Evaluation Process

Five firms submitted offers, which were reviewed by a committee comprised of Public Works and Procurement staff. The responses were scored on the following criteria:

Criteria	Weight
Cost	6 (38%)
Specifications and Operator Control Suitability	4 (25%)
Warranty and Local Parts Availability	3 (19%)
Delivery Time and Availability of Demo Unit	2 (13%)
Overall Response to RFP	1 ( 5%)
Quality, composition and completeness of response	
Firms acceptance of City of Tempe terms and conditions	

## Results of Scoring

The committee reviewed the submittals and scored them as shown in the table below – the cost shown is for the purchase of two units, but does not include sales tax or the possible purchase of accessories whose cost were established by the solicitation.

Firm	Make and Model Offered	Score	Cost
RDO Equipment Company	John Deere 310SK	148.06	\$ 133,500
Flaska JCB	JCB 3CS-15 Super	144.64	\$ 151,202
Titan Machinery – Offer 1	Case 580SB	141.00	\$ 136,950
Titan Machinery – Offer 2	Case 580N	140.85	\$ 129,350
Empire Southwest	Caterpillar 420F	129.22	\$ 168,164

Even though Titan Machinery offered a unit at a lower cost, some of the specifications on the offered Case model 580N were below performance levels that were acceptable by the City.

## Recommendation

It is the recommendation of the committee to award a contract to RDO Machinery, who has received the highest number of points and submitted the lowest overall purchase price for a unit with acceptable specifications.

**ATTACHMENTS:** Vendor RFP Documents

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Department Director: Renie Broderick, Internal Services Director

Legal review by: David Park, Assistant City Attorney

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