

**CITY OF TEMPE
REQUEST FOR COUNCIL ACTION**

**Council Meeting Date: 7/31/2014
Agenda Item: 6A3**

ACTION: Approve an increase of the contract amount with Trucks West of Phoenix for the purchase of refuse vehicles used by the Public Works Department.

FISCAL IMPACT: Additional spending will not exceed \$1,150,000 and will increase the total contract amount from \$1,400,000 to \$2,550,000. Sufficient funds have been appropriated in the Solid Waste Fund – cost center 3713 (Residential) - for the anticipated expenditure in the current fiscal year.

RECOMMENDATION: Approve the increase of the contract amount.

BACKGROUND INFORMATION: (T13-006-01) City Council originally approved the award of a contract to Trucks West of Phoenix on October 18, 2012, for an initial one-year contract period with four one-year renewal options. A renewal request was approved by Council on October 24, 2013, in an amount not to exceed \$1,400,000 which was the budgeted amount for fiscal year 2013/2014. This request is to approve the expenditure of budgeted funds for fiscal year 2014/2015 utilizing the existing contract with Trucks West of Phoenix – there is no change in contract terms or pricing associated with this request.

Contract dates and the fiscal year are rarely the same; therefore, at the time of contract renewal in October of 2014, the budget for fiscal year 2014/2015 had not been established or approved by Council so funds could only be requested for budgeted units. Additionally, these vehicles have a long lead time and requesting an increase in contract value within the current council approved period will help to assure delivery of the vehicles within the 2014/2015 fiscal year.

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 impact significantly service delivery or special operations, allows the reallocation of limited City funding for programmatic and operational priorities through the City organization.

The City of Tempe’s trash and recycling operational programs include residential collection of trash and recyclables, commercial/industrial collection of trash and recyclables, and residential uncontained bulk/brush collection. In an effort to “right size” the solid waste fleet, the total fleet of vehicles will be reduced from 52 to 48 in the current fiscal year – Solid Waste fleet information is shown in the table below:

Type	Used For	Quantity	
		Current	Future
Side Loader	Residential – Trash/Recyclables	22	20
Front Loaders	Commercial/Industrial – Trash/Recyclable	15	14
Rear Loaders	Residential – Uncontained Bulk/Brush	10	9
Roll-Off Loaders	Commercial/Industrial – Trash/Recyclable	5	5

This request is for the purchase of three side-load vehicles – which will replace current vehicles which 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. Fleet Services’ vehicle replacement strategy is centered on asset protection and lifecycle cost analysis of vehicles and equipment. This lifecycle analysis involves capital costs, depreciation costs, operating costs, maintenance costs, and residual value at auction. Fleet Services determines the lowest annualized cost of equipment to establish replacement guidelines that provide the lowest overall cost to the City.

This request includes an option to upgrade the vehicles to be compressed natural gas (CNG) powered which adds approximately \$50,000 to the cost of each vehicle. Incorporating CHG Fueled vehicles into the fleet is an element of the fuel diversification strategy adopted by the City. Within the framework of achieving social, economic, and environmental sustainability, staff evaluates specific return on investment variables of the change to CHG including cost of the upgrade, cost of fueling options, miles driven, fuel consumption, operational sustainability over time, greenhouse gas emission reduction, fleet maintenance, and training issues.

ATTACHMENTS: None

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