
**CITY OF TEMPE
REQUEST FOR COUNCIL ACTION****Council Meeting Date: 06/09/2016
Agenda Item: 5B4**

ACTION: Approve the utilization of a one-year National Intergovernmental Purchasing Alliance contract issued by the City of Tucson to The Toro Company, represented locally by Simpson Norton Corporation, for the purchase of grounds keeping, golf and sports field maintenance equipment used by the Public Works Department.

FISCAL IMPACT: Total cost of the one-year contract will not exceed \$205,000. Sufficient funds have been appropriated in the General and Golf Funds in various accounts for the budgeted expenditures in fiscal year 2016/2017.

RECOMMENDATION: Approve the utilization of the contract.

BACKGROUND INFORMATION: (City of Tucson 120535) The City of Tucson solicited and awarded a National IPA contract for the purchase of grounds keeping, golf and sports field maintenance equipment to The Toro Company.

National IPA is a cooperative purchasing organization established through a collaborative effort of public agencies across the United States with the specific purpose of reducing procurement costs by leveraging group volume. All master agreements are publicly solicited, awarded, and held by a principal procurement agency, in this case the City of Tucson.

Using cooperative contracts for items such as grounds keeping, golf and sports field maintenance equipment has proved to be the most cost effective purchasing approach for the City.

Vehicle Replacement Strategy

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.

Replaced equipment will be sold at auction to recover residual value.

Contract Pricing

Products purchased under this agreement have a 27% discount from the Toro Commercial price book. Additionally, the Toro program, available through National IPA, includes a Smart Value Program which offers the City a volume incentive based on the purchase orders' value. For the anticipated purchases to be made under this contract, the City will receive a volume incentive of \$4,500 or \$6,000 (dependent on exact spending level after departments determine specific equipment needs) which can be used to secure additional machinery, accessories, attachments, parts or extended warranties. Fleet Services will work with departments to determine the best strategy for utilization of these funds.

ATTACHMENTS: None

STAFF CONTACT(S): Tony Miano, Deputy Public Works Director – Field Operations, (480) 350-8051

Department Director: Renie Broderick, Internal Services Director
Legal review by: David Park, Assistant City Attorney
Prepared by: Tony Allen, CPPB, Procurement Officer