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**CITY OF TEMPE**  
**REQUEST FOR COUNCIL ACTION**

**Council Meeting Date: 06/09/2016**  
**Agenda Item: 6A2**

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**ACTION:** Approve a one-year contract renewal with Rush Truck Centers of Arizona, Inc. for the purchase of five refuse vehicles.

**FISCAL IMPACT:** The total cost of this one-year contract renewal will not exceed \$1,900,000. Sufficient funds have been budgeted in the Solid Waste Fund – cost center 3713 (Residential) and 3714 (Commercial) – for the anticipated expenditures in the upcoming fiscal year.

**RECOMMENDATION:** Approve the renewal of the contract.

**BACKGROUND INFORMATION:** (T15-097) City Council originally approved the award of a contract to Rush Truck Centers of Arizona, Inc. for the purchase of refuse vehicles on August 13, 2015 for an initial one-year contract period with four, one-year renewal options. This renewal request is for the first of four available renewal options.

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. Ongoing analysis and optimization of fleet operations is resulting in a reduction of the number of vehicles needed to efficiently provide quality service to Tempe residents and businesses. The current fleet of collection vehicles is comprised of 45 units:

Type of Vehicle	Used For	Quantity in Fleet
Side Loader	Residential – Trash/Recyclables	21
Front Loader	Commercial/Industrial – Trash/Recyclables	11
Rear Loader	Residential – Uncontained Bulk/Brush	8
Roll-Off Loader	Commercial/Industrial – Trash/Recyclables	5

This request is for the purchase of five vehicles (three side-loaders to be used in residential collections and two front-loaders to be used in commercial/industrial collection) which will replace current 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.

This request includes an option to upgrade the vehicles to be compressed natural gas (CNG) powered which adds approximately \$38,000 to the cost of each vehicle. Incorporating CNG fueled vehicles into the fleet is an element of the fuel diversification strategy adopted by the City, and, based on current fleet cost records, can be recovered in approximately four years.

**Municipal Fleet Industry Best Practices**

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. The replaced vehicles will be sold at auction to recover residual value.

Contractor Performance

The performance of Rush Truck Centers of Arizona, Inc. was rated by the Public Works Department as follows:

Criteria	Score
Personnel are responsive, cooperative and available	A
Overall quality of products or services delivered	B
Timeliness of performance	B
Quality of follow-up in resolving complaints or problems	A
Firm's promptness in submitting accurate invoices	B

A = Exceeds Standards; B = Meets Standards; C = Below Standards

Renewal Cost

There is no change to the vehicle costs at the time of renewal; however, the contract allows for changes to costs every six-months. It is likely that a rate increase will occur sometime during the contract. If vehicles are purchased before the rate increase is requested, the City will be able to avoid the expected cost increase.

**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