
CITY OF TEMPE
REQUEST FOR COUNCIL ACTION

Council Meeting Date: 10/27/2016
Agenda Item: 5B22

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. (Related to Agenda Items 5B23 and 5C14)

FISCAL IMPACT: Total cost of this one-year contract will not exceed \$345,000. Sufficient funds have been appropriated in the Golf Fund – cost centers 2511 (Rolling Hills Golf Course) and 2512 (Ken McDonald Golf Course) for the anticipated expenditures. Funding for this purchase will be through a third party vendor – lease payments will be made one time per year for four years.

RECOMMENDATION: Approve the utilization of the contracts.

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.

Replacement Strategy

In keeping with municipal fleet industry best practices, the City's vehicle/equipment 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 total anticipated purchases to be made this fiscal year, the City will receive a volume incentive of \$18,000 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.

Lease/Purchase of Equipment

This contract will be utilized to obtain the following equipment which will be leased through a third party. The equipment which have been selected for replacement have provided service to the City for between 7 and 11 years and require repairs that are not economically justifiable.

The table below includes information on the equipment to be lease/purchased:

Classification	Quantity	Cost (approximate)
Mowers	6	\$315,000
Utility Vehicle	1	\$30,000

ATTACHMENTS: None

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