

 <div style="text-align: center;"> <h1 style="margin: 0;">Council</h1> <h1 style="margin: 0;">Communication</h1> <p style="margin: 0;">Office of the City Manager</p> </div>	<b>Date:</b>	May 21, 2018
	<b>Agenda Item No.</b>	<b>57B</b>
	<b>Roll Call No.</b>	<b><u>18-0908</u></b>
	<b>Communication No.</b>	<b><u>18-253</u></b>
	<b>Submitted by:</b>	<b>Bob Fagen, Finance Director</b>

## AGENDA HEADING:

Approving the purchase of three (3) replacement truck chassis for use by the Department of Public Works.

## SYNOPSIS:

Recommend approval of the purchase of three (3) conventional style cab truck chassis utilizing the Houston Galveston Area Council (HGAC) purchasing contract as follows:

- One (1) conventional style heavy duty tandem axle truck chassis for use in the Sewers Division from Housby Mack Inc., 4747 NE 14<sup>th</sup> Street, Des Moines, IA 50313, (Kelly Housby, President), in the amount of \$112,500, plus contract administration fee of \$600 for a total award of \$113,100. Various sewer cleaning and maintenance equipment bodies to be installed on this chassis that are available on purchasing contracts will be evaluated and awarded separately.
- Two (2) conventional style single axle medium duty truck chassis for use in the Forestry Division from Housby Mack Inc., 4747 NE 14<sup>th</sup> Street, Des Moines, IA 50313, (Kelly Housby, President), in the amount of \$175,500, plus contract administration fee of \$600 for a total award of \$176,100. The necessary Forestry equipment of an aerial lift and log loading equipment for these two (2) chassis is not available on purchasing contracts; therefore, the necessary equipment will be bid with competitive specifications by the City's Procurement Administrator and awarded separately.

## FISCAL IMPACT:

Amount: \$289,200

Funding Source: \$113,100 PW247410 Sewers Maintenance Clearing (Allocated: 55% to PW247411 (page 213) and 45% to PW247413 (page 222), and \$176,100 Equipment Replacement Fund IS201 CM024021

## ADDITIONAL INFORMATION:

- The City of Des Moines is a member of the Houston Galveston Area Council (HGAC). HGAC is a national government-to-government cooperative purchasing program. HGAC establishes purchasing contracts nationwide on behalf of local governments, special districts and private non-profits providing a government service. HGAC's procurement process includes research, preparation of specifications, pre-bid and preproposal conferences, legal notice posting and advertising, bid/proposal review and contract execution.

- Future use of conventional style cab truck chassis - This recommended award for the replacement of three (3) conventional style cab truck chassis represents the initial replacements of 17 conventional style cab truck chassis in the Citywide fleet of 91 tandem and single axle trucks. The remaining 14 units will be replaced in the future with conventional style cab truck chassis. None of the recommended three (3) replacement units are used in emergency snow and ice control operations and the two (2) Forestry Division trucks are medium duty; therefore, the benefits of a cab over engine (COE) design do not apply.
- Fuel Efficiency and Reduced Idling - Heavy duty and medium duty truck chassis are powered by clean burning diesel engines utilizing up to 20% biodiesel fuel. Due to the applications of sewer cleaning and maintenance, and forestry operations, these units will be subject to necessary idling requirements to power the hydraulic equipment bodies. Minimum size and horsepower rated engines have been selected to reduce fuel consumption during times the hydraulic equipment is operated. The recommended truck chassis are equipped with engine control modules (ECM) that constantly capture and report idle time along with over 100 other engine operating parameters. In addition to measuring idle time, the system allows programming a maximum idle time without powering hydraulic systems. If the maximum time is reached, when the hydraulic equipment is not in use, the engine shuts off to reduce fuel consumption. Initially, trucks will be programmed for a maximum idle time of 10 minutes.
- Residual value of truck chassis - The recommended award for the truck chassis is to the vendor with the least cost of ownership when applying the projected residual value to the purchase price. Comparisons of available manufacturers models are presented in the tables below.

Heavy Duty Tandem Axle Sewers Chassis				
Manufacturer	Model	HGAC Contract Cost	Residual Value	Net Ownership Cost. Purchase cost- Residual value
Freightliner	122SD	\$110,023.16	\$33,925.00	\$76,098.16
International	Workstar 7600	\$110,788.00	\$41,650.00	\$69,138.00
Kenworth	T800	\$102,184.64	\$35,675.00	\$66,509.64
Mack	Granite GU813	\$112,500.00	\$63,100.00	<b>\$49,400.00</b>
Peterbilt	365	\$123,510.48	\$49,762.50	\$73,747.98

\*Projected residual value is based on calculations for “Rough Wholesale” values for 8-year-old (Sewer equipment truck life cycle), 2011 model year used trucks from the City’s independent paid subscription services of Black Book-Division of Hearst Business Media Corporation. Black Book provides subscribers with residual values of medium and heavy-duty truck chassis independent from truck manufacturers and dealers. Black Book data is captured from truck dealer transactions, aftermarket sales, and auction results. City staff also utilize the paid subscription services of J. D. Powers Valuation Services as provided in American Truck Dealers (ATD/NADA) commercial truck guides.

Medium Duty Single Axle Forestry Chassis				
Manufacturer	Model	HGAC Contract Cost	Residual Value	Net Ownership Cost. Purchase cost-Residual value
Freightliner	M2-106-70	\$81,305.00	\$19,592.50	\$61,712.50
International	Durastar 4400	\$87,667.00	\$21,036.00	\$66,631.00
Kenworth	T-440	\$87,969.06	\$15,925.00	\$72,044.06
Mack	Granite MHD	\$87,750.00	\$32,500.00	<b>\$55,250.00</b>
Peterbilt	337	\$83,970.00	\$21,324.50	\$62,645.50

\*Projected residual value is based on calculations for “Rough Wholesale” values for 10-year-old (Forestry truck life cycle), 2009 model year used trucks from the City’s independent paid subscription services of Black Book-Division of Hearst Business Media Corporation. Black Book provides subscribers with residual values of medium and heavy-duty truck chassis independent from truck manufacturers and dealers. Black Book data is captured from truck dealer transactions, aftermarket sales, and auction results. City staff also utilize the paid subscription services of J. D. Powers Valuation Services as provided in American Truck Dealers (ATD/NADA) commercial truck guides. Where there was insufficient data due to limited resale transactions, and no 2009 model year data available, a guaranteed buyback from the dealer at the 10-year life cycle was utilized in determining residual value.

#### **PREVIOUS COUNCIL ACTION(S):**

Date: April 23, 2018

Roll Call Number: [18-0712](#)

Action: Purchases from the following:

- (C) [Housby](#) Mack Inc. (Kelly Housby, President) for eleven (11) replacement refuse trucks per Houston-Galveston Area Council (HGAC) Contract for use by the Public Works Department, \$2,847,356. ([Council Communication No. 18-187](#)) Moved by Gatto to adopt. Motion Carried 6-1. Nays: Coleman.

#### **BOARD/COMMISSION ACTION(S): NONE**

#### **ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Award of competitively bid forestry aerial lift and log loading equipment installed on two (2) single axle conventional style truck chassis.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).