

# COUNCIL COMMUNICATION

	Number:	<b>19-436</b>	Meeting:	<b>October 14, 2019</b>
	Agenda Item:	<b>43D</b>	Roll Call:	[ ]
	Submitted by:	<b>Bob Fagen, Finance Director</b>		

## AGENDA HEADING:

Approving the purchase of 21 conventional style cab diesel truck chassis for use by the Street Maintenance, Street Cleaning, Sewers, Private Property Cleanup, and Forestry Divisions of the Department of Public Works and the Parks and Recreation Department.

## SYNOPSIS:

Recommend approval to purchase 21 conventional style cab diesel truck chassis with optional 5-year engine and emission system warranties on 17 of the 21 chassis, and a \$600 per order contract processing fee, utilizing the Houston Galveston Area Council (HGAC) purchasing contract number HT06-18 from Housby Mack, Inc. 4747 NE 14<sup>th</sup> Street, Des Moines, IA 50313 (Kelly Housby, President), in the amount of \$2,400,776.

## FISCAL IMPACT:

Amount: \$2,400,776

Funding Source: 2019-2020 Operating Budget, page 103, I201, Equipment Replacement and 2020 2021 Iowa Department of Transportation (IDOT) VW Settlement Grant Reimbursement funding \$493,375, net expenditure: \$1,907,401.

## 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.
- Of the 21 replacement chassis, 17 are eligible for IDOT VW Settlement Grant Funding total reimbursement of \$493,375. Eligibility required advancing some planned replacements into fiscal years (FY) 2019-2020 and 2020-2021 to utilize the entire maximum award. HGAC contract pricing is guaranteed for all chassis ordered upon approval of this recommended award and delivery scheduled across the two (2) FYs for budgeting and Grant Administration purposes. All chassis will be built to order as 2021 model year units. These 21 replacements

will be used in emergency snow and ice control operations, street maintenance operations, forestry operations, sewer cleaning operations, private property cleanup operations and parks maintenance activities. Operations specific equipment bodies will be ordered for each chassis upon subsequent award recommendation approval.

- Future use of conventional style cab truck chassis – This recommended award for the replacement of 21 conventional style cab truck chassis represents the third purchase of conventional style cab replacement truck chassis, since evaluation of the alternate Cab Over Engine (COE) cab configuration began. Conventional style cab chassis will continue to be compared to the recent introduction of COE style chassis. No additional replacements of conventional cab style chassis are planned for the next two (2) years.
- Fuel Efficiency and Reduced Idling – These replacement chassis are powered by clean burning diesel engines utilizing up to 20% biodiesel fuel. There are no all electric production models available in these classes of truck chassis at this time. 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. Starting in the fall of 2018, the Fleet Services Division has installed telematics technology in 209 units in the Public Works vehicles. Those vehicles include refuse, sewer maintenance, and street maintenance/snow & ice control trucks. It is the intention of the Fleet Division to evaluate the idle times, compare the fuel efficiency of different engine sizes, and overall fleet needs. Replacement trucks are powered by heavy duty diesel engines for warm weather construction use and cold weather emergency snow and ice control operations, achieving reduced fuel consumption, compared to a typical medium duty engine, resulting in reduced engine repair costs, and provides a longer life cycle and results in lower life cycle costs when compared to a conventional cab chassis with a medium duty engine used in municipal operations.
- Residual value of truck chassis – The recommended award includes a net cost of ownership analysis based on purchase price and projected residual value. The results are presented in the table below.

Description	HGAC Contract Cost (Each)	Residual Value	Net Cost of Ownership
Heavy Duty Conventional Cab Single-Axle Dump Truck Chassis	\$ 109,280	\$ 54,550	\$ 54,730
Heavy Duty Conventional Cab Tandem-Axle Dump Truck Chassis	\$ 115,760	\$ 63,400	\$ 52,360
Heavy Duty Conventional Cab Tandem-Axle Sewer Cleaning Truck Chassis	\$ 114,530	\$ 65,600	\$ 48,930
Medium Duty Conventional Cab Single-Axle Forestry Truck Chassis	\$ 90,313	*N/A	*N/A
*Residual values for this application are not available from either subscription-based service.			

- Residual values are based on calculations for “Rough Wholesale” values for 10-year-old 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 utilizes the paid subscription services of J. D. Powers Valuation Services as provided in American Truck Dealers (ATD/NADA) commercial truck guides. There was insufficient data of truck dealer transactions for medium heavy-duty class of truck chassis for ATD/NADA to publish residual values.
- Costs of the recommended award are on average among all four (4) truck chassis types, 0.98% higher than the previous two (2) awards. Due to a continuing robust economy, projected residual values are higher than previous analyses. Residual values of the purpose-built Mack chassis for all City applications still remains the highest among various brands.

**PREVIOUS COUNCIL ACTION(S):**

Date: December 3, 2018

Roll Call Number: [18-1999](#)

Action: Purchases from the following:

- (B) [Housby](#) Mack Inc. (Kelly Housby, President) for four replacement truck chassis per Houston-Galveston Area Council (HGAC) for use by the Public Works Department, \$486,032. ([Council Communication No. 18-650](#)) Moved by Gatto to adopt. Motion Carried 6-1. Nays: Coleman.

**BOARD/COMMISSION ACTION(S): NONE****ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Approval of recommended award for equipment to be installed on the 21 conventional cab diesel 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).