



City of Rochester Hills  
AGENDA SUMMARY  
FINANCIAL ITEMS

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Legislative File No: 2011-0484

**TO:** Mayor and City Council Members

**FROM:** Allan E. Schneck, P.E., Director Department of Public Services

**DATE:** November 4, 2011

**SUBJECT:** Three (3) Tandem Axle Dump Trucks

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**REQUEST:**

City Council is requested to authorize the purchase of three (3) tandem axle truck chassis to Wolverine Freightliner-Eastside, Inc., Mount Clemens, Michigan for a not-to exceed amount of \$273,015.00 and the purchase of one (1) prewet tandem axle dump body system and two (2) slide-in granular and liquid anti-ice tandem axle dump body systems to Truck and Trailer Specialties, Caledonia, Michigan for a not-to-exceed amount of \$309,964.00. The combined purchase of the three (3) truck chassis and the three (3) pieces of dump body systems will provide three (3) complete tandem axle dump/salt/anti-ice trucks for a total not-to-exceed amount of \$582,979.00.

**REASON FOR PURCHASE:**

Request for Proposals for the purchase of three (3) new tandem axle dump trucks equipped with snowplow, tailgate spreader, underbody scraper, and combination slide-in units to be used in anti-icing applications were solicited and ten (10) responses were received. These trucks will replace 39-90, 39-91, and 39-092 all are 2001 Sterling LT8513 trucks. All three trucks (39-90, 39-91, and 39-092 are fully depreciated and due for replacement. The trucks will be disposed of through public surplus auction.

The costs for the replacement trucks identified below are over the 2011 budgeted amount. The reason for the increased costs are due mainly to the new engine emission technology that requires vendors to meet EPA mandated 2010 diesel emission regulations and a change in the type of body equipment recommended by staff to be utilized in the City's operations.

Engine manufacturers have indicated that the cost of the additional equipment required to update the emission technology is in excess of \$10,000.00 per engine. With the purchase of three (3) chassis this results in an estimated \$30,000.00 cost higher than the initial budget request for the trucks. Some of the added cost increases are also due to the volatile and escalating market of steel and other material costs and technological advances in electronic engine, transmission, hydraulic and other system controls.

The recommended change in the type of body equipment to be utilized in the City's operation is the result of a City Council special work session held on August 24, 2006, (Routine Maintenance 462) City Council identified several goals for staff to address including: (1) researching the use of alternative de-icing chemicals and application techniques to minimize cost and waste and (2) exploring the cost benefit ratio of installing self-contained salt spreading mechanisms on dump trucks. Based on these goals, staff has been researching several different methods that have been implemented by other State, County, and Local entities and utilizing the information gathered to benchmark where the City's operations were at and

where they could be improved. Based on our investigation of other governmental entities snow and ice control operations, we have accumulated data from MDOT, Wixom, and Farmington Hills that supports the use of anti-icing liquid chemical application, and expanding on the use of pre-wetting road salt. In our research, the use of anti-icing liquid chemical before the winter event will prevent ice and snow bonding to the road surface resulting in a significant reduction in operational costs. Also, continuing to utilize the method of pre-wetting the road salt will significantly reduce labor and material costs, resulting in safer driving conditions and reducing the City's exposure to potential liability.

As a result of our research, and the success many other communities have seen from similar equipment we are recommending equipping two (2) of the three (3) replacement trucks with self contained combination slide-in anti icing and granular material application units that will enable anti-icing chemicals to be applied to our roads before the winter event. In applying anti-icing chemicals prior to a winter event it is anticipated that cost savings can be obtained from the reduction in the amount of salt applied versus that of anti-icing chemicals, labor costs, fueling costs, and other various operational cost reductions. The cost for the combination units is roughly \$34,900.00 per truck and also was not initially included in the budget request due to the fact we did not have enough information at the time of budget preparation to make a recommendation to utilize this type of equipment in our operations. We expect the operational cost savings for material and labor will quickly offset this additional initial expenditure. It is anticipated that these slide in units will have a useful life cycle of 30 years, and can be transferred to other dump trucks in the future.

The third truck will be equipped with a tailgate spreading unit that will allow for pre-wetted granular material to be applied during a winter event. This type of truck and equipment is what the City has been using in its operations over the past several years. This equipment provides us the ability to more effectively combat winter events by more precise application of salt to the road surface, reducing bounce and scatter of salt into the ditches, etc. that result in less salt being used and cost reductions in material.

The City acting as lead agency on behalf of themselves, the City of Rochester and the Huron Clinton Metro Parks Authority issued a Request for Proposal for the purchase of Tandem Axle Dump Trucks equipped with snow and ice control equipment. The proposal was developed with the intent of aggregating each entities purchasing volume (a total of five (5) trucks) in order to generate best value offers from tandem axle dump truck chassis and body equipment vendors.

The Proposal process consisted of two stages; proposal review and interview/product demonstration. Proposals were evaluated by City of Rochester Hills Purchasing, DPS/Fleet personnel and purchasing staff, as well as representatives from City of Rochester and Huron Clinton Metro Parks Authority. From the proposal review process the evaluation committee shortlisted and subsequently asked for product demonstration and presentations from Wolverine Freightliner- Eastside and Truck and Trailer Specialties. Scoring for each phase of the proposal, interview and product demonstration process was conducted. Wolverine Freightliner-Eastside, Inc. and Truck and Trailer Specialties was selected and unanimously supported by the entities as providing the best value, a quality product, and exceptional services. The selection was supported by several positive references received from other communities utilizing these companies for purchase of their equipment. It is recommended the City award to **Wolverine Freightliner-Eastside, 107 South Groesbeck Highway, Mount Clemens, Michigan 48043** and **Truck and Trailer Specialties, 6226 Hanna Lake, Caledonia, Michigan 49316** as offering the lowest cost and best value to the City.

By partnering together with the City of Rochester and the Huron Clinton Metro Parks Authority, the City was able to obtain discounted pricing based on the number of vehicles that will be purchased from this contract. The amounts requested for approval is based on the City purchasing their vehicles without any other entities. It is expected and anticipated that once the other entities receive approval from their councils/boards that the City's pricing will be less based on the identified pricing in the proposals that provides for price breaks based on the quantities of trucks purchased from this contract. As City of

Rochester Hills is the lead agency on this cooperative purchase, once City Council has made an award, the City of Rochester and Huron Clinton Metro Parks Authority can take their contracts forward for approval, as well as other Michigan Intergovernmental Trade Network Participants will be able to utilize this contract for purchase of trucks. Once the vendors receive all orders, the City will be issued the credit or discount based on the final aggregated orders. As an estimate, if the vendors receive a total order for the five (5) units the expected discounted pricing the City will see from the purchase of the three (3) trucks is approximately \$3,000.00.

Tandem axle dump/salt trucks are used on a daily basis by the DPS Roads Division for snow plowing and de-icing major and local roads, road fill and grading, road repairs, ditch cleaning, and by the water and sewer divisions for water and sewer main breaks and repairs.

The three (3) existing trucks referenced above are due for replacement and operating costs have begun to increase and negatively affect fleet's operating budget. It is recommended that they be replaced before any additional significant repair costs occur.

**PROCESS:**

**Vendor Name and Address:**

Wolverine Freightliner-Eastside  
107 South Groesbeck Hwy  
Mt. Clemens, MI 48043

Truck and Trailer Specialties, Inc.  
6226 Hanna Lake  
Caledonia, MI 49316

**Reason for Selection:**

Best Value

**Method of Purchase:**

Purchase Order

**BUDGET:**

Funding for the replacement of the three (3) Tandem-Axle Dump Trucks was provided in the FY 2011 Original Adopted Budget at a combined total of \$490,590. Total proposed costs for the replacement of the vehicles plus the anti-icing units is estimated to \$582,979 or (\$92,389) over the amounts originally budgeted.

To offset the additional proposed expense: For the current FY 2011, Fleet capital purchases (not including the 3 x Tandem-Axle Dump Trucks) are anticipated to be a combined \$83,840 under budgeted amounts. As well, DPS/Fleet has identified one (1) Equipment Trailer [#39-218 = \$19,710] that is currently included in next year's FY 2012 Budget that can be eliminated. These combined reductions/savings of \$103,550 [= \$83,840 + \$19,710] will more than offset the additional estimated expense of \$92,389.

If approved, these vehicles are not anticipated to be received until spring 2012, which will affect the FY 2012 Budget. This will require both a 4<sup>th</sup> Quarter 2011 Budget Amendment (to reduce the FY 2011 project budgets to \$0) along with a 1<sup>st</sup> Quarter 2012 Budget Amendment (to increase the FY 2012 project budgets to the estimated costs identified below). The 4<sup>th</sup> Quarter 2011 Budget Amendment will include the \$83,840 reduction in combined capital purchases. The 1<sup>st</sup> Quarter 2012 Budget Amendment will include the \$19,710 reduction of the Equipment Trailer.

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Fleet Fund	661.98100	Capital: Vehicles	\$163,530.00	\$204,918.00	(\$41,388.00)
Fleet Fund	661.98100	Capital: Vehicles	\$163,530.00	\$204,918.00	(\$41,388.00)
Fleet Fund	661.98100	Capital: Vehicles	\$163,530.00	\$173,143.00	(\$9,613.00)
		<b>GRAND TOTAL</b>	<b>\$490,590.00</b>	<b>\$582,979.00</b>	<b>(\$92,389.00)</b>

**RECOMMENDATION:**

It is recommended that City Council authorize the purchase of three (3) tandem axle dump truck chassis to Wolverine Freightliner-Eastside, Mt. Clemens, Michigan for an amount not-to-exceed \$273,015.00 and the purchase of one (1) prewet tandem axle dump body system and two (2) slide-in granular and liquid anti-ice tandem axle dump body systems to Truck and Trailer Specialties, Caledonia, Michigan for a not-to-exceed amount of \$309,964.00. The combined purchase of the three (3) truck chassis and the three (3) pieces of dump body systems will provide three (3) complete tandem axle dump/salt/anti-ice trucks for a total not-to-exceed amount of \$582,979.00.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Finance Director		
Purchasing Process: Supervisor of Procurement		
Mayor		
City Council Liaison		