



City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS

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Legislative File No: 2023-0084

TO: Mayor and City Council Members

FROM: Bill Fritz, P.E., Director, Department of Public Services

DATE: February 27, 2023

SUBJECT: Purchase Authorization for One (1) Water System Service Truck

REQUEST:

City Council is requested to authorize the purchase of one (1) complete Water System Service Truck (chassis/body) in the amount of \$219,743.00 with a 5% project contingency in the amount of \$10,987.15 for a total not-to-exceed amount of \$230,730.15 to Wolverine Freightliner-Eastside, Mt. Clemens, Michigan.

REASON FOR PURCHASE:

The City issued a Request for Proposals utilizing the MITN system. The RFP was distributed to more than one hundred fifty (150) potential vendors and two (2) proposal responses were received. Proposals were evaluated by a committee consisting of staff from the City's Fleet Department and the Department of Public Services Water and Sewer Division. In review of the proposals the committee evaluated the responses received based on the following criteria: Method of Approach to the truck build, functionality of proposed vehicle, comparable projects/references, experience and qualifications, warranty and maintenance services and overall cost proposal. Based on the two (2) responses received, it was determined that the one proposal response had excellent qualifications and proposed methodology in building the truck, but was out of the competitive budget range and did not receive further consideration. The committee determined that an interview be requested with Wolverine Freightliner-Eastside and their proposed body builder partner, Royal Truck and Utility Trailer, to receive further clarification regarding their proposal response.

After conducting the interview, the evaluation committee met and discussed the proposal response and interview and determined that based on the proposed approach, the experience and qualifications of both company's along with previous trucks they have built that award be recommended to Wolverine Freightliner-Eastside as the overall best value proposer with the lowest cost proposal.

The one difficulty in negotiating this contract was related to market volatility surrounding the purchase of vehicles. The City's purchasing division has in recent purchases found other avenues to be more strategic with their purchases of chassis and vehicles in order to try and avoid, or better curb some of the difficulties the City is seeing in the vehicle market. The vendors have attributed the volatility based on increasing fuel costs, volatility in the steel and electronic components markets, as well as labor struggles, which is resulting in pricing uncertainties and long lead times for the builds.

For this service truck to be built, it is a fully customized vehicle. The City has to purchase the chassis and wait to receive delivery of the chassis based on openings in production schedules. Once the chassis is built, Wolverine then delivers it to the body vendor, Royal Truck and Utility Trailer. With having the longer lead times, pricing uncertainties come into play with the purchase.

On the attached cost proposal, Wolverine Freightliner has provided for a 2024 chassis, however should the City not be able to secure a production spot for the 2024 model year, Wolverine Freightliner has provided

speculative pricing for the 2025 model year. The speculative price increase is consistent with the historical average of pricing increases the City has received from Wolverine with their cooperative contract for chassis.

This purchase is being brought forward to City Council in order to receive authorization to issue a purchase order in order to secure a production spot as soon as we can and hopefully before all the 2024 production slots are filled. The City is hopeful that the requested authorization amounts will be sufficient for the production of the water system service truck. Should the cost increase beyond what has been requested for approval, the City would bring the request immediately back to City Council for approval.

The City utilizes the water system service truck in daily operations and for emergency repairs, it also tows a trailer with a backhoe used for digging up water leads and main breaks. This truck has an enclosed body with shelving and cabinetry to house all the supplies and tools to perform water main repairs, as well as supplying air and electricity for those tools. This is a replacement for 39-179, a 2007 truck with almost 7,000 hours on it. This truck will be disposed of at auction, or possibly repurposed as a mechanic service truck in place of a budgeted replacement that has been on the schedule, depending on condition when decommissioned from current role.

PROCESS:

Vendor Name and Address:

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

Reason for Selection:

Best Value

Method of Purchase:

Purchase Order

BUDGET:

Funding is included in the FY 2023 Adopted Budget.

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Fleet	661.981000	Vehicles: Capitalized	\$254,100.00	\$230,730.15	\$23,369.85

RECOMMENDATION:

City Council is requested to authorize the purchase of one (1) Water System Service Truck in the amount of \$219,743.00 with a 5% project contingency in the amount of \$10,987.15 for a total not-to-exceed amount of \$230,730.15 to Wolverine Freightliner-Eastside, Mt. Clemens, Michigan.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Chief Financial Officer		
Purchasing Process: Procurement Manager		
Mayor		
City Clerk		

Contract Reviewed by City Attorney

Yes

N/A

