



City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS

1000 Rochester Hills Dr.
Rochester Hills, MI 48309
248.656.4630
www.rochesterhills.org

Legislative File No: 2014-0578

TO: Mayor and City Council Members

FROM: Allan E. Schneck, P.E., Director of Public Services
Sean Canto, Chief of Fire and Emergency Services

DATE: December 15, 2014

SUBJECT: Purchase Authorization for Replacement Vehicles for 2015

REQUEST:

City Council is requested to authorize the purchase of ten (10) new vehicles (replacements for 39-21, 39-149, 39-171, 39-173, 39-180, 39-181, 38-183, 39-186 & 39-187 and one (1) Fire Department Vehicle) from Red Holman Buick GMC, Westland, Michigan in the amount of \$248,647.00, and two (2) new vehicles (replacements for 39-176 & 39-177) in the amount of \$42,300.00 from Berger Chevrolet, Grand Rapids, Michigan for a total purchase cost not-to-exceed \$290,947.00.

REASON FOR PURCHASE:

The City purchases vehicles through the Oakland County Cooperative Purchase Program. Additional cooperative contracts available for the City's use were reviewed to verify that the Oakland County Cooperative Purchase Program continues to offer vehicles to meet the City's needs at the lowest available cost. Vehicles are purchased through the Oakland County Cooperative Purchase program at a cost significantly lower than retail and surplus vehicles are disposed of through the Michigan Intergovernmental Trade Network (MITN) on-line auctions by Purchasing. Fleet management best practices identify 20% as a target rate of return to receive from an initial investment of a vehicle. Over the past year utilizing the MITN on-line auction site the City has been realizing a 30% rate of return from the initial investment of the vehicle. Purchasing the vehicles at a significant discount and selling them at auction before significant operating costs are incurred has resulted in relatively low life cycle costs to the City.

Fleet

The City's fleet equipment policy, which includes a replacement timetable, was created in 1988 to provide a responsible program and process for the practical maintenance and replacement of the City's vehicles and equipment. Proactive and scheduled replacement addresses the issue of replacing a vehicle having relatively low miles but may have seen severe service and or high engine run hours.

Vehicle manufacturers allot a very small percentage of their order schedules for fleet vehicles. Order cut-off is typically slated for the first quarter of the model year. It is important that the City expedite the purchase of the vehicles to avoid missing the manufacturers order cut-off date. If the cut-off date is missed, the vehicles would have to be purchased at retail, or the vehicles in need of replacement could incur additional repair and or maintenance costs from not being replaced.

Fire

The Battalion Chief's utilize a 2005 Yukon XL to perform their daily duties and respond to emergency incidents. This vehicle currently has 84,561 miles and is being replaced due to the mileage and scheduled

replacement through the Fire Capital Fund. The Battalion Chief's will use the 2015 GMC Yukon XL to perform their daily duties around the City. This vehicle is also set-up as a mobile command post with needed equipment to manage emergency incidents (building fire, serious injury crash, etc...).

PROCESS:

Vendor Name and Address:

Red Holman Buick GMC
35300 Ford Road
Westland, MI 48185

Berger Chevrolet
2525 28TH SE
Grand Rapids, MI. 49512

Reason for Selection:

Oakland County Cooperative Purchasing Program

Method of Purchase:

Purchase Order

BUDGET:

Funds are included in the FY 2015 Adopted Budget. Please note that some of the remaining budget in the Fleet Fund is to be used to purchase snow plows to equip certain vehicles.

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Fleet	661.981000	Capital – Vehicles	\$281,810.00	\$251,752.00	\$30,058.00
Fire Capital	402.981000	Capital – Vehicles	\$40,760.00	\$39,195.00	\$1,565.00
		GRAND TOTAL	\$322,570.00	\$290,947.00	\$31,623.00

RECOMMENDATION:

City Council is requested to authorize the purchase of ten (10) new vehicles (replacements for 39-21, 39-147, 39-171, 39-173, 39-180, 39-181, 39-183, 39-186, 39-187 and one (1) Fire Department Vehicle) in the amount of \$248,647.00 from Red Holman Buick GMC, Westland, Michigan, and two (2) new vehicles (replacements for 39-176 & 39-177) in the amount of \$42,300.00 from Berger Chevrolet, Grand Rapids, Michigan for a total not-to-exceed amount of \$290,947.00.

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