



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: 2012-0127

TO: Mayor and City Council Members
FROM: Allan Schneck, P.E., Director of Public Services
DATE: April 10, 2012
SUBJECT: Combination Sewer Truck

REQUEST:

City Council is recommended to approve the purchase of one (1) Combination Sewer Truck from Jack Doheny Companies, 777 Doheny Ct., Northville, MI 48167 in the amount not-to-exceed \$399,902.50.

REASON FOR PURCHASE:

City Council may recall, the City, acting as the Principal Procurement Agency on behalf of themselves, City of Ann Arbor, City of Troy and the National Intergovernmental Purchasing Alliance issued a Request for Proposal in 2010 for the purchase of combination sewer truck(s), parts, and related services. Through this process, and by partnering with a national cooperative, the City was able to establish a multiple year contract that secured discounted pricing for parts, a complete selection of all available components, chassis, and engine offerings for the vehicle and receive the most competitive pricing available in the market.

As a result of the City's proposal a national cooperative contract was established in 2011 and has provided the ability for many governmental entities to cooperatively purchase from it and created a revenue generating opportunity for the City. This cooperative contract has proven to be beneficial and has provided a solution to meet agencies needs across the nation.

Jack Doheny Companies represents the Vactor line of combination sewer trucks and is the largest dealer of sewer equipment in the United States.

Combination sewer cleaning trucks are used on a daily basis by the DPS water/sewer division for routine cleaning and maintenance of the city's sewer infrastructure which is valued at \$44.5 Million. The trucks are also used to clear blocked sewer lines, vacuum out sewer and storm catch basins, wet wells, grinder pump wells, and to clean floor drain traps and pits in city facilities and fire stations. The trucks also are used during water main breaks and service line repairs to remove accumulated mud and water from the work area. The truck is also capable of and equipped for hydro-excavation, which is used for pinpoint excavation around underground utilities providing for a minimum of site disturbance, and reducing the amount of equipment and manpower required.

The cost for the replacement truck identified below is over the 2012 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. 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 (this truck is equipped with two (2) engines accounting for approximately \$20,000.00 in price increase).

Also, as part of the contract renewal a 7% increase in pricing from Jack Doheny Companies (Vactor) was negotiated and was due to the volatile and escalating market of steel and other material costs. Market research conducted by Purchasing, found that other contracts similar in product and scope were seeing 20-25% price increases from these market changes. Finally, additional equipment has been identified by the department to increase efficiencies of their operations and improve functionality of the truck and will include: 800' of rodder hose, a hydroexcavation package, and additional pipe rack.

Sewer truck 39-103 is due for replacement. Operating costs and down-time have begun to increase and negatively affect fleet's operating budget. Deferring replacement of 39-103 will also have a negative affect on its residual value which is still relatively high. It is recommended that it be replaced before any additional significant repair costs occur, and residual value is lost.

PROCESS:

Vendor Name and Address:

Jack Doheny Companies
 777 Doheny Ct.
 Northville, MI 48167

Reason for Selection:

NIPA Contract, Best value

Method of Purchase:

Purchase Order

BUDGET:

Reasons for over budget: Tier 4 diesel emissions on the truck and auxiliary engines mandated by the federal government for model year 2010 (last truck we purchased had 2009 year engines), price increases from Vactor, and additional equipment such as 800' of rodder hose, hydroexcavation package, and additional pipe rack that was not on the truck purchased in FY 2011.

Additional funds are proposed to be provided by funds remaining from the FY 2012 purchase of a Road Grader [DPS-Roads] (39-081) which was budgeted at \$241,890 but actual costs were \$216,966 (or \$24,924 under budget). If approved, all amendments will be brought forth as part of the 2nd Quarter Budget Amendment.

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Fleet	661.981000	Capital: Vehicles	\$375,920.00	\$399,902.50	(\$23,982.50)

RECOMMENDATION:

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