

# REQUEST FOR PURCHASE IN EXCESS OF \$20,000/CHANGE ORDER



**To:** Mayor and Council

**From:** Brian E. Olson, Director of Public Works *BEO*

**Date:** 04/21/2015

**Subject:** 2015 John Deere 5115M Utility Tractor, Public Works - Parks

**Agenda Item #:** IV. L

**The Recommended Bid is**

Within Budget

Not Within Budget

**Date Bid Opened or Quote Received:**  
03/18/2015

**Bid or Expiration Date:**  
05/18/2015

**Company:**  
Scharber & Sons, state contract # 74050  
Minnesota Wanner company

**Amount of Quote or Bid:**  
\$86,430.23

**Recommended Quote or Bid:**  
Scharber & Sons, Minnesota Wanner co.

## **General Information:**

This is for the replacement of 47-459, a 1997 John Deere tractor that has 6032 hours on it and should be replaced. Our new equipment replacement scoring methodology uses six performance and cost variables including age, usage, type of service, condition, repair costs, and reliability. Replacement qualification scores are, 23 for all sedans and light trucks and 28 for heavy duty vehicles and off road equipment whose gross weight rating (GVWR) exceeds 10,500. The higher the score, the higher the need to replace the vehicle. In other words, we will not replace a heavy duty vehicle that does not have a minimum score of 28. This piece of equipment has a score of 45.

**Attachment:**  
Scoring methodology

Probably the most difficult issue facing a city fleet is deciding the best time to replace equipment. If you replace the fleet too soon, you lose useful life and deplete capital funds. Waiting too long puts a financial burden on the operations and maintenance budget.

When a vehicle is within two (2) years or 10,000 miles of replacement, it becomes eligible for replacement scoring. If the vehicle/equipment scores below the criteria number, it is evaluated on an annual basis until replaced.

### **\*Scoring Model**

The scoring is totaled using scores on the following six performance and cost variables:

- **Age:** One point for each twelve months of service-life.
- **Usage:**
  - Odometer-based vehicles=one point for each 10,000 miles
  - Hour meter-based small equipment=one point for each 325 hours
  - Hour meter-based large trucks/equipment=one point for each 750 hours
- **Type of Service:** 1 to 5 points based on severity of service, i.e., one (1) for an administrative care, five (5) for a triple-shifted police patrol car or sewer jetter.
- **Reliability:** Calculated as the ratio of the number of “normal” repair occurrences over the last twelve months (LTM) of service divided by the number of “normal” repair occurrences in the vehicle’s second twelve months (STM) of life. For example, if the LTM is 6 and the STM is 2, the Reliability Score would be 3 (6/2). “Normal occurrences” exclude planned maintenance (PMs) and all “non-normal” repairs, i.e., accidents, flats, Acts of God, driver related, warranty, etc.
- **Condition:** The score is scaled from 1 to 5 based on an inspection of the body, underbody and structural members, rust, interior condition, a review of accident and repair history, any operational problems and anticipated major repairs within the next budget year. A score of 5 would be in very poor condition with high expectations for major future expenses.
- **Repair Costs:** 1 to 5 points are assigned based on total life-to-date (LTD) repair costs (excluding “non-normal” repairs) and the original purchase price of the vehicle. A 5 is scored for a vehicle whose LTD repair costs exceed the original purchase price. A score of 1 is given to a vehicle whose LTD repair costs are 20% or less of the original purchase price; a 2 for 40%, 3 for 60% and 4 for 80%.

Replacement qualification scores are, 23 for all sedans and light trucks and 28 for heavy duty vehicles and off road equipment whose gross weight rating (GVWR) exceeds 10,500