Received 6/9/17

F2a

To Hiawatha Council Members:

I, Bill Bennett, Mayor for the City of Hiawatha, Iowa elect to exercise my veto power and veto RESOLUTION #17-113 + 17-114 authorizing the purchase of a new 2018 International 7400, Unit 500, for the Public Works Department at a total cost not to exceed $86,650.00 from Thompson Truck and Trailer of Cedar Rapids.

I am of the opinion that we are not exercising due diligence in our analysis of our city vehicles. Heavy equipment, such as the trucks in question, should not be evaluated in the same fashion as the squad and fleet vehicles. Their current functionality must be evaluated and considered, and it must be financially prudent and vital to our operations to replace. Simply purchasing equipment because the money's there and it's been 10 years is not good enough reasoning.

I previously vetoed a similar case in RESOLUTION #16-200, one in which a more fiscally sound purchase was ultimately made and our needs were met. All of us, both myself as mayor and yourselves as council, bring a unique skill set and perspective to all matters that come before us. In this particular circumstance, I'm concerned that no attempt to seek my input or expertise was made prior to proposal of the resolution. I have made my position on the superfluous purchase of new vehicles very clear at this point. So long as we stubbornly continue to not mind our dollars and cents, I will exercise my veto power.

Bill Bennett

6-8-17

RESOLUTION NO. 17-114
City Council

RESOLUTION APPROVING PUBLIC WORKS DEPARTMENT PURCHASE OF ONE (1) MULTI-PURPOSE TRUCK BODY, SNOW PLOW AND HI-LIFT TAILGATE FOR UNIT 500

WHEREAS, the Public Works Department has determined the need for the purchase of a multi-purpose truck body, snow plow and Hi-lift tailgate for use with Unit 500, a 2018 International 7400 SFA 6X4 Tandem Truck Chassis, and

WHEREAS, the Public Works Superintendent sent out Requests for Quotations and after receiving and reviewing one (1) quote received, recommends the most responsive responsible quotation as follows:

Company	Equipment Description	Total Cost
Henderson Manufacturing	Multi-Purpose Truck Body and Snow Plow	$81,577.00
Henderson Manufacturing	Hi-Lift Tailgate	$1,750.00

, and

WHEREAS, funding for the purchase of the Multi-Purpose Truck Body, Snow Plow and Hi-Lift Tailgate, is available in the Equipment Reserve Fund in a total amount not to exceed $83,327.00, and

WHEREAS, the City Council deems it necessary to replace and update City equipment and authorize the release of committed funds in the Equipment Reserve Fund for the purchase of one (1) Multi-Purpose Truck Body, Snow Plow and Hi-Lift Tailgate to fit Unit 500, a 2018 International 7400 SFA 6X4 Tandem Truck Chassis, and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HIAWATHA, IOWA, to approve the purchase of one (1) Multi-Purpose Truck Body, Snow Plow and Hi-Lift Tailgate, for the Public Works Department at a total cost not to exceed $83,327.00, from Henderson Manufacturing of Manchester, Iowa utilizing available funding through the FY2018 Equipment Reserve Fund.

AYES: Bob Rampulla, Marty Bruns, Dennis Norton
NAYS: Aime Wichtendahl
ABSENT: Dick Olson

PASSED AND APPROVED this 7th day of June, 2017.

Martin T. Bruns, Mayor Pro-Tem

ATTEST:
Kelly Kornegor, City Clerk

RESOLUTION NO. 17-113
City Council

RESOLUTION APPROVING PUBLIC WORKS DEPARTMENT PURCHASE OF ONE (1) 2018 TANDEM DUMP TRUCK CHASSIS REPLACEMENT UNIT 500

WHEREAS, the Public Works Department has determined the need for the replacement of Unit 500, a 2008 Freightliner dump truck with snow plow and sander, and

WHEREAS, the Public Works Superintendent sent out Requests for Quotations and after receiving and reviewing two (2) quotes recommends the most responsive responsible quotation as follows:

Company	Equipment Description	Total Cost
Thompson Truck and Trailer	International 7400 SFA 6X4	$86,650.00

, and

WHEREAS, funding for the purchase of the 2018 International 7400 SFA 6X4 Tandem Truck Chassis, is available in the Equipment Reserve Fund in a total amount not to exceed $86,650.00 (sale of the old dump truck will be used toward purchase), and

WHEREAS, the City Council deems it necessary to replace and update City equipment and authorize the release of committed funds in the Equipment Reserve Fund for the purchase of one (1) 2018 International 7400 SFA 6X4 Tandem Truck Chassis, replacing old Unit 500, and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HIAWATHA, IOWA, to approve the purchase of one (1) 2018 International 7400 SFA 6X4 Tandem Truck Chassis, for the Public Works Department at a total cost not to exceed $86,650.00, from Thompson Truck and Trailer of Waterloo, Iowa, utilizing available funding through the FY2018 Equipment Reserve Fund.

AYES: Dennis Norton, Bob Rampulla, Marty Bruns
NAYS: Aime Wichtendahl
ABSENT: Dick Olson

PASSED AND APPROVED this 7th day of June, 2017.

Martin T. Bruns, Mayor Pro-Tem

ATTEST:

Kelly Kornegor, City Clerk

1. Public Works Standard Operations-Dump Truck Information/Statistics-
   - We had 3 dump trucks 1991, still have 3.
   - In 1991, we had about 25 miles of streets, today 40 miles of streets.
   - Have not increased our overall fleet size with any new vehicles. Our replacement program depending on cost and use of equipment has either been replaced with quality used equipment or upgraded with new.
   - Have added 1 person to staff since 1992, in 2012.
   - Plow snow with 5 guys, still 3 dump trucks, 1 one-ton truck(F450), 1 Rubber tired end loader. The end loader replaced the scraper.
   - No spare truck with sander and unable to rent one if needed. Couldn't borrow from another City because they would need it too. I have been asked whether we could use the Water Department's dump truck but it is not the most dependable piece of equipment due to its age and the fact we would not be able to equip this truck with a plow nor a sander without spending a whole bunch of money. This truck is a 1993.
   - Our plowing operations and proficiency have improved over the years. This is because we have new and updated equipment to efficiently do the job along with dependable staff.
   - We currently can have the whole City plowed and sanded in 6-8 hours from time it stops snowing.
   - We consistently receive compliments on our snow plow operations from citizens, business owners and others who pass through Hiawatha. In fact, you have seen handwritten notes and emails in your council packet FYI's.
   - Each of the guys identify with a certain truck to allow for efficiency within the department for the most part. Each of the guys are responsible for their truck, they know how their trucks run and operate.

2. 10-Year Life Cycle Reasons/Larger Dump Truck Value-
   - We have used several factors to determine when to trade and purchase new. Those facts include useful life and when its value is fully depreciated. We looked at a 15-year depreciation when calculating its useful life. The 10-year mark provides the best trade in value when trading or selling the vehicle outright. I.e. We have determined the resell value to be $30,000. Our depreciation value is $26,665. When the depreciation and the useful life is within $5,000 it has been our policy to purchase new and sell the vehicle out right. The other reason we buy new and resell after 10 years is due to the salt/brine that eats away at the truck's under carriage and sander components.
   - It is important to note with this type of equipment the value of building the chassis to fit the box and not the box to fit the chassis. On a new truck and sander/plow, the two companies work together to assure that the sander box and plow will fit on the chassis. It is difficult and costlier to fit the box to the chassis vs. fitting the chassis to the box. The cost is hard to determine. It could involve moving rear axles, air tanks, exhaust pipe and various hoses and electrical wires. It also could involve extending the frame rails in the front of the truck for the snow plow. The only way to do that is to bolt an extension on and bolting is not recommended.
   - We have used useful life and the depreciation cycle to determine the dump truck cycle replacement since 1996.

3. Tandem vs. single axle
   - Bigger truck-less trips when hauling material.
   - Versatility
   - Better traction with tandem.
   - The initial investment for a tandem is higher than the cost of a single axle model. When we resell our tandem, we will see a much greater return on investment, as they hold their value better than a single axle model.
   - Cost difference between and tandem vs. single axle is about $25,000 with snow plow/sander.
   - I would consider extending the life cycle of the tandem if we purchased one.
   - Reasons for box choice

- Multi-purpose
- Mid-mount spinner - Spreads sand between front and rear axles for better traction, especially during ice storms.
- High lift tailgate – allows cleaner dumping of materials. Brush and concrete will not get hung up on tailgate, which happens now.
- Can shift truck functions/uses easily. No switching boxes between jobs.
- Pre-wet system improves melting capabilities of salt/sand mixture when sanding streets.
- Conveyor system allows spreading salt/sand without raising box of truck.
- Reversible conveyor.....can convey materials to back of truck.. Asphalt, rock, wood chips.

4. <u>New/Keep vs. Used</u>

- New-
  - New trucks are built to our specifications and built to allow mounting of our snow plow and multi-purpose box. Dealers work closely to ensure all measurements are right.
  - Since we have gone to a 10-year cycle I do not recall us having a dump truck disabled during snow removal.
    - New truck would come with a 2-year or 250,000 mile warranty.
  - Continued dependability
  - We get a 15-20% discount on new trucks.
- Keep Current Truck-
  - No one on staff is a certified mechanic, all repairs are contracted out. We would be dependent on the mechanic and their customer priority. A snow event's removal for one day would be delayed by 1-2 hours which may not seem like much but to our citizens and those traveling into Hiawatha trying to get to work or get back home will notice the delay considering the level of service we provide when it comes to snow removal today.
  - Still would need to replace the box, sander and plow.
  - New plow about $10,000.
  - New sander/controls/pre-wet system about $55,000.
  - We would have no increase in production because we are not increasing the size of the truck.
  - What do we do with old box? Vendor will not want to keep the old box. Salvage cost- $5,000 guessing. Who would want it due to the box's deterioration. It would be difficult and costly to mount it on another truck.
  - We know what we have.
  - If you would disagree with my assessment, we would have to rebuild and inspect the old sander and plow. Inspection at $75/hr. 4-6 hours. To rebuild plow and sander it would cost between $15,000 - $25,000. Really hard to estimate cost without inspection.
- Used-
  - No one on staff is a certified mechanic, all repairs are contracted out. We would be dependent on the mechanic and their customer priority. A snow event's removal for one day would be delayed by 1-2 hours which may not seem like much but to our citizens and those traveling into Hiawatha trying to get to work or get back home will notice the delay considering the level of service we provide when it comes to snow removal today.
  - I would not recommend purchasing a used sander/plow/pre-wet system. There is a reason someone got rid of it. Plus, it would be extremely hard to find the necessary equipment that meets our specifications requirements.
  - Reviewed 5 used trucks-
    - Only 2 of the 5 I found could possibly meet our specs or be modified to meet our specs.
    - Would need to travel out of state to look at the vehicle. Locations are Indiana and Ohio.
    - 30-day warranty. No returns. New truck would come with a 2-year warranty/250,00 miles.

- Unknown cost to retro-fit plow and sander to chassis $10-20,000, new trucks are built to meet specifications of our multi-purpose body.
- Would have to find someone to trust to inspect the used vehicle and willingness to travel out of State to do so.
- Concerns with working with an unfamiliar dealer.
- Do not know what truck was previously used for and its ability to be dependable. What kind of abuse did the truck go through? Lip stick vs. new. What are the reasons to why these trucks are for sell considering the cost of the truck and its useful life? Is it a lemon, did the company go bankrupt, etc.?
- All used vehicles have only 10,000 miles less than our truck. Only gain 2 years on useful life/depreciation.

	New Truck	Keep Truck*		Used Truck
Truck bid	$86,650	N/C		$60,000
Snow plow, sander, box	$83,327	$65,000		$81,327
	-	-		-
Cost to mount box		$10,000		$20,000
Resale of old truck	-$30,000			-$30,000
Net Cost	$139,997	$75,000		$131,327

* Does not include any repairs to truck that would occur by extending life.

* Does not include rebuilding option due to the box's deterioration.

5. <u>Concerns-How do we move forward-</u>
   - If we delay the purchase of a new truck, what do we do going forward? I have 2 other dump trucks with plows/sanders that will be 10 years old in 2020 and 2021. I have planned to replace them with what they currently are, single axle trucks. (1) tandem is fine for our use.
   - If we keep the truck, how long do we keep it? Who is going to make the determination as to when to replace? What factors will be considered in replacing the truck?
   - Concerns with statement of council and staff rubber stamping....going through the motions...
     - I have 25 years of experience managing the Public Works Department and know our equipment and our department's needs. As department heads, I believe we manage our funds and equipment well. There are many pieces of equipment that we have appropriately delayed based on use of equipment, useful life, depreciation and cost. Below is a list of equipment that Public Works will keep till it is fully depreciated and extended its useful life and are fully aware of responsible spending:
       - Same drill press-it was here when I started in 1991 and not sure how old it is.
       - Same air compressor- It was also here in 1991 and not sure how old it is.
       - Warning lights went out on 580 (1 ton truck). We got a quote for a new light installed from a company and it was $1,700. I found one online for $600 and we installed it ourselves.

        - Unit 570 (End loader) is a 2003 and was scheduled for replacement in FY18. I'm replacing the tires and will keep it for 3-5 more years.
        - Unit 550 (Backhoe) is a 2006 and is scheduled for replacement in FY18. We will keep it 2-3 more years.
        - Combined (2) trucks into 1 during the replacement of the bucket truck
        - Replaced our 2000 fork truck with a 2014 fork truck in 2016.
        - In 2013 purchased a used sewer jet/vac truck (2004) to replace our old sewer jetter that was 30 years old.
        - Switched to carbide plow blades. They cost twice as much as a regular steel blade but last 3-4 times longer.
        - In 2016 we replaced truck 920(F150 Ford pickup) and repurposed old truck to Engineering Dept.
        - I hope you can see a theme of where we try to conserve funds where applicable.
    - There is only one type of vehicle that I hesitate to delay or buy used and that is our dump trucks. These trucks need to be ready to go when called upon. No different than a fire truck or police car in my opinion.
    - Consistency is valued and appreciated for budgeting purpose.
    - I have not budgeted enough funds for any repairs to sander, plow, or truck because I was planning to replace this piece of equipment.

6. Road Use-Equipment Reserve Funding
    - Road Use dollars are separate from our general fund dollars; these dollars come from the State of Iowa and are based off our population.
    - Each year we put so many dollars away for future replacement of our public works equipment. These are designated funds for specific pieces of equipment.
    - If the decision is not to replace the dump truck, snow plow, sander, and box this year or any other future year we will continue to place dollars in its equipment reserve bucket for its replacement. The cost of this equipment will increase each year by 3.5%. So, if we wait say 3 years to replace it, the $170,000 becomes about $188,000 to replace the truck in question. The depreciation & resell value would widen and would have the expenses in future repairs to the truck.
    - To be clear if we would not replace the truck we would continue to put funds away each year. These funds need to stay in place for future replacement of the the dump truck as the dollars are designated for that specific expense.
    - If we don't continue to put dollars away over a period of time we would end up having to bond for the replacement vs. having the available dollars in our equipment reserve fund for such an expense.
7. Conclusion

    It is still my recommendation to purchase a new tandem and multi-purpose box with snow plow/sander. Financially purchasing a used truck makes no sense. Reconditioning the existing truck just puts a band-aid on it. I have said from the beginning that truck #500 is not in terrible shape. We take care of our equipment so that we can effectively perform our jobs. Maybe I'm wrong but I consider snow plow operations to be our single most important job. While we are a City of only 7,000 people, we are surrounded by 200,000 people and we have streets that see 10,000-20,000 cars a day. Keeping our streets clear for citizens, business owners, and those traveling to and through Hiawatha is vital.

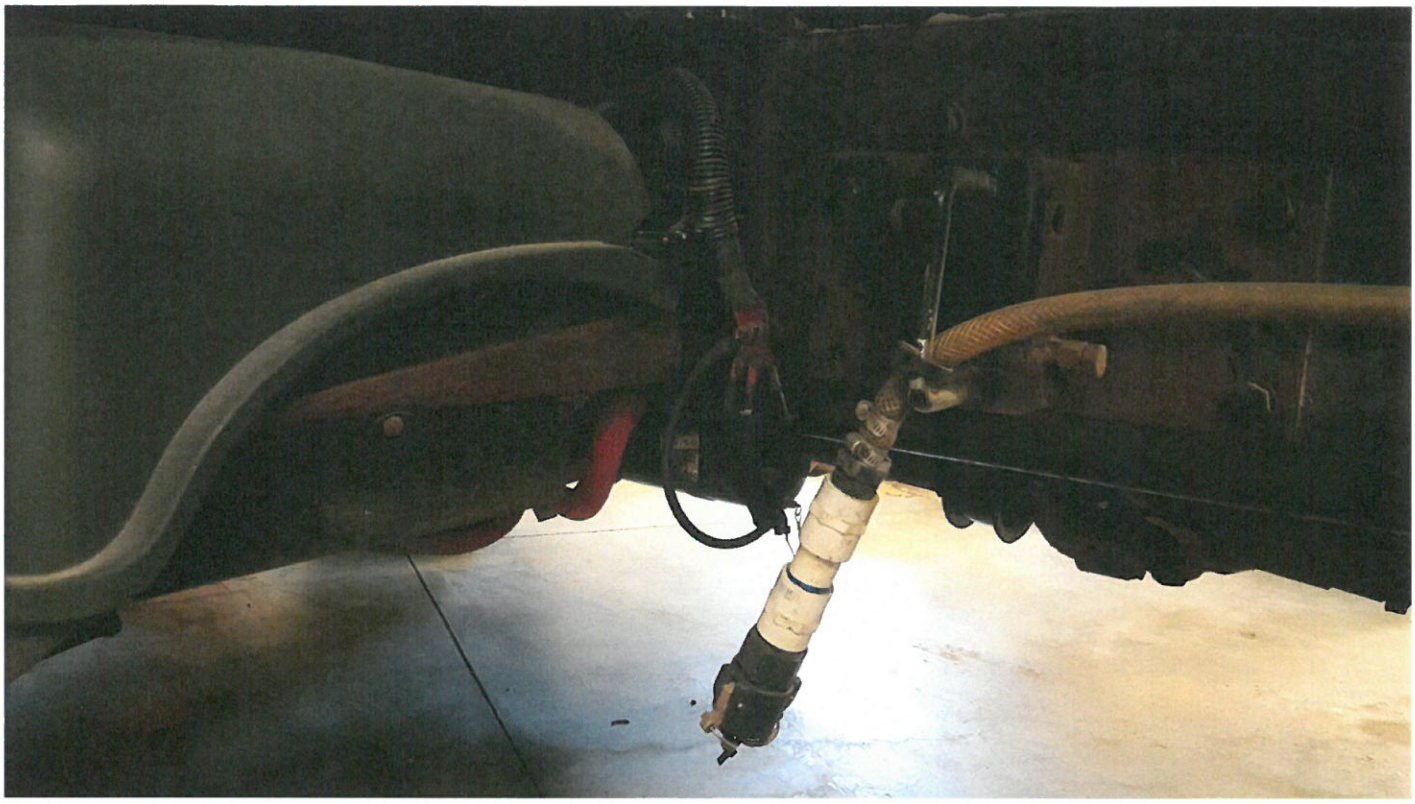
Spinner

Inside sander box

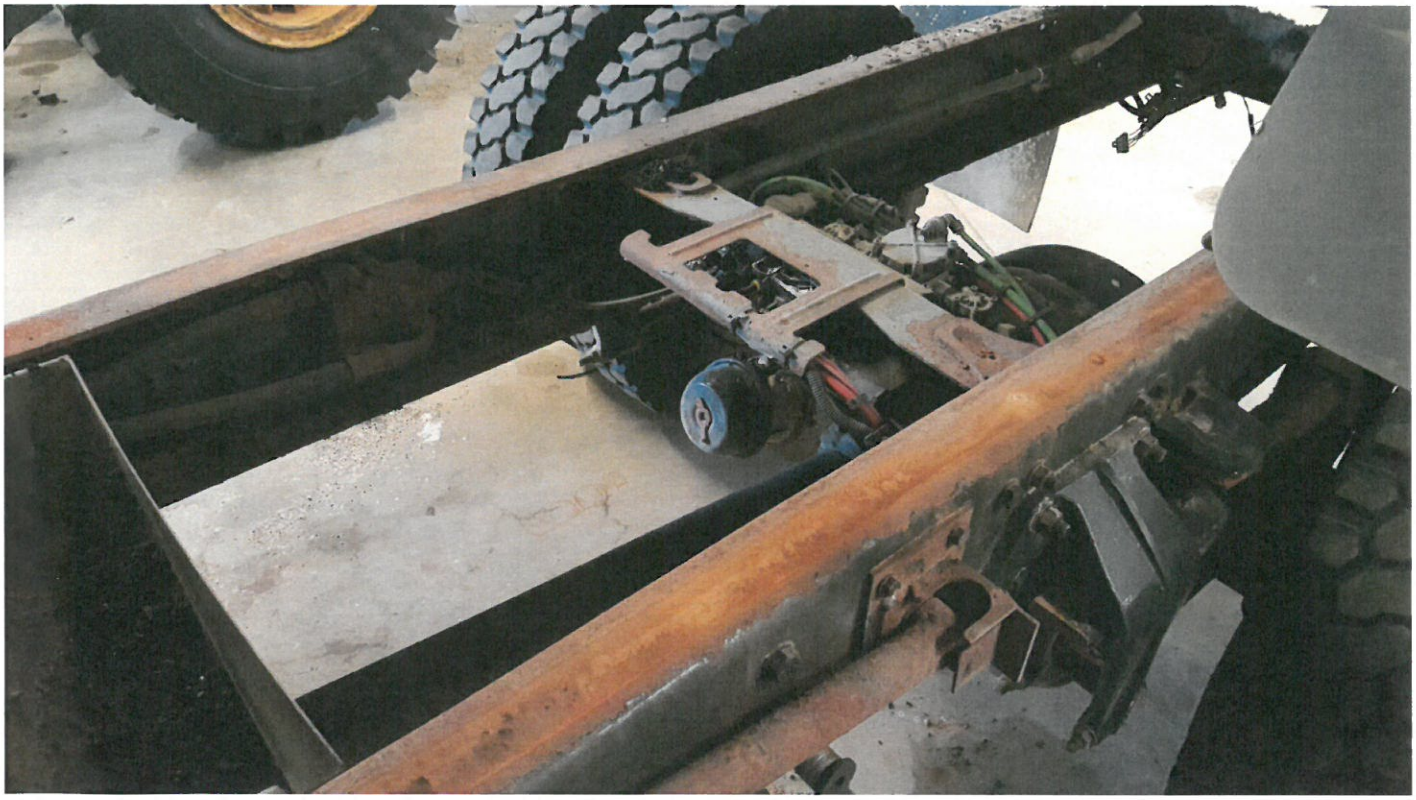
Inside Sander box

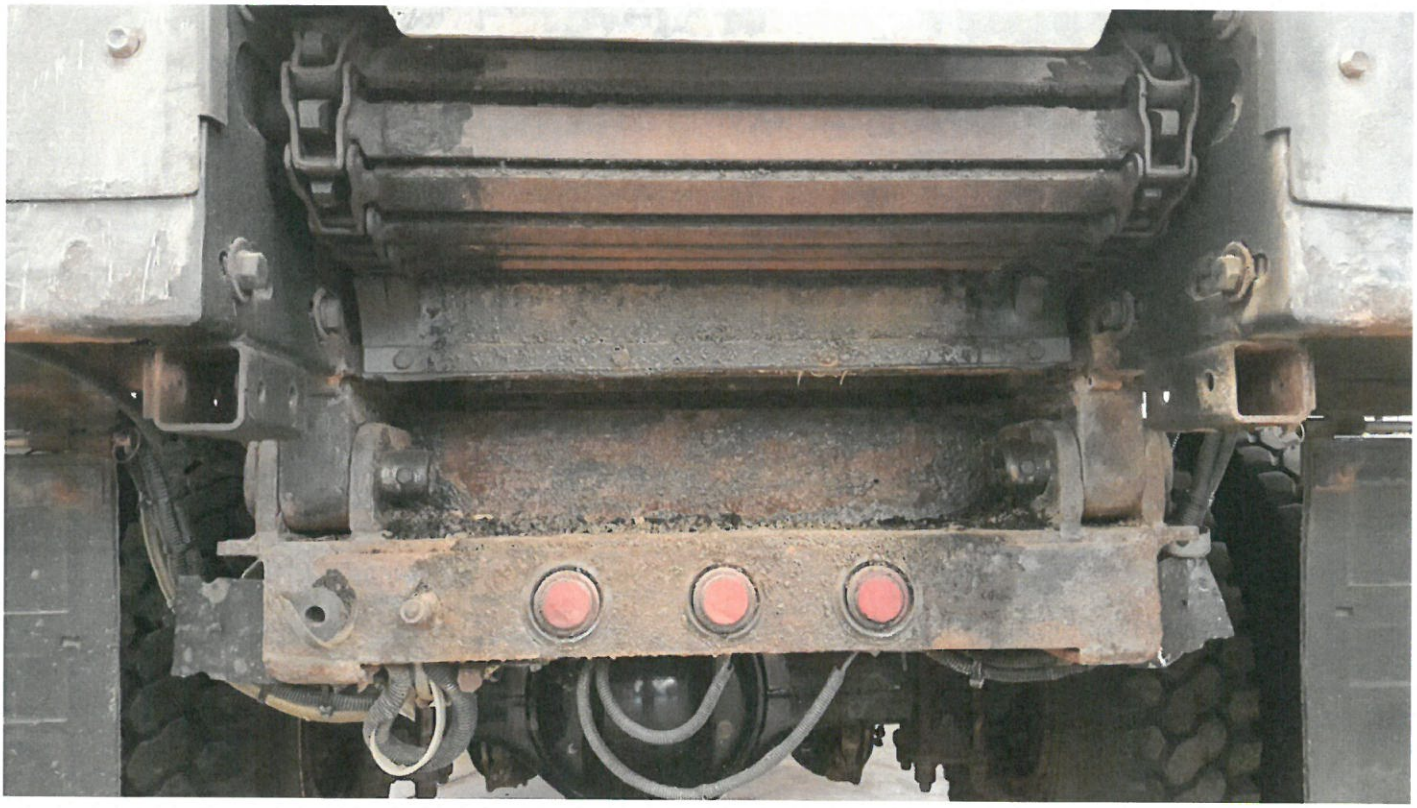
Underneath sander box

Along truck frame rail



Truck frame rails





Back of truck

Truck box vibrator