

PUBLIC WORKS AND UTILITIES COMMITTEE

09-0260R

RESOLUTION AUTHORIZING CITY OFFICIALS TO CONTRACT WITH NELSON AUTO CENTER FOR THE PURCHASE AND DELIVERY OF THREE 2009 GMC SAVANNA MODEL 3500 ONE-TON CARGO VANS IN THE AMOUNT OF \$64,222.

CITY PROPOSAL:

RESOLVED, that city officials are hereby authorized to contract with Nelson Auto Center for the purchase and delivery of three 2009 GMC Savanna Model 3500 one-ton cargo vans with options and accessories in accordance with state of Minnesota Contract #440057, Release #A-175(5), specifications and pricing in the amount of \$59,950.23 plus \$3,896.77 for sales tax, and \$375 for tax exempt plates, title and registration, for a combined total amount of \$64,222, terms net 30, FOB destination, payable as follows:

(a) \$16,055.50 from Water Fund 510, Agency 500, Organization 1905, Object 5580;

(b) \$48,166.50 from Gas Fund 520, Agency 500, Organization 1905, Object 5580.

Approved:

Approved for presentation to council:

Department Director
Purchasing Agent ____
Manager, Maintenance Operations ____

Chief Administrative Officer

Approved as to form:

Approved:

Attorney

Auditor

PWU/FLEET/PRCH DS:le 4/16/2009

STATEMENT OF PURPOSE: This resolution authorizes the purchase of three 2009 GMC Savanna Model 3500 one-ton cargo vans from Nelson Auto Center, payable from the water and gas funds in the amount of \$64,222.00. This purchase is based on state of Minnesota Contract #440057, Release #A-175(5). Nelson Auto Center is located in Fergus Falls, Minnesota.

These vans will replace three dedicated liquid propane service vans for public works and utilities. The cost to convert vehicles to gasoline is more than the residual value of the vans. The city has three 1990 Ford E350 LP service vans remaining of an original seven purchased in 1999. The unit numbers for those left in the city vehicle inventory are 1679, 1681 and 1682. The current requisition is to replace units 1679, 1681 and 1682.

Reason for replacement: The vehicles were originally purchased as CNG or compressed natural gas vehicles in 1999. The department of public works and utilities experienced many problems with the CNG fueling system and decided to abandon CNG in favor of LP as a more cost-effective way of utilizing the service vehicles. The cost to convert the vans to LP was much cheaper than converting them to gasoline.

In regards to standardizing, the department of public works and utilities intends to remove the LP fueling station once it has disposed of the last vans. Should the fueling station experience a breakdown, it would not be cost-effective to repair the site, depending on the severity of the necessary repairs for only three vehicles.

The city has no infrastructure to accommodate the service vans as fleet services has no trained or experienced LP technicians. There are no known local repair parts distributors or LP repair service sites in the city. The nearest two LP maintenance and repair centers are in Shakopee and Mankato.

The LP vehicles are also not dependable in the cold weather as stated by public works lead workers, especially when the temperature gets close to zero degrees. The department has had almost ten years of use out of these vehicles and again, would like to replace them for current model gasoline vehicles.

[The repair cost schedules for each vehicle are attached to the original resolution.]

Requisition No. 09-0282