

**City of Oconomowoc
Finance Committee**
Aldermen: Mulder, Chairman / Rosek, Secy /
Spiegelberg



Tuesday, January 04, 2022 - 7:00 PM
City Hall - Council Chambers
174 E. Wisconsin Ave. Oconomowoc, WI 53066
(or immediately following Committee-Of-The-Whole)

Notice: If a person with a disability requires that the meeting be accessible or that materials at the meeting be in accessible format, call the City Clerk at least 48 hours prior to the meeting to request adequate accommodations. Tel: (262) 569-2186.

1. Call to order and confirmation of appropriate meeting notification
2. Committee Business
 - a. Consider/recommend Resolution 22-R3003 Approving Fleet Budget Amendment for 2022 and 2023 Plow Truck Purchases
3. Adjourn

Diane Coenen, City Clerk
City of Oconomowoc

Notice is hereby given that a majority of the Common Council will be present at the above scheduled meeting to gather information about a subject over which they have decision-making responsibility. This constitutes a meeting of the Common Council pursuant to State ex rel. Badke v. Greendale Village Board, 173Wis. 2d 553, 494 N.W. 2d 408 (1993) and must be noticed as such, although the Common Council will not take any formal action at this meeting.



MEMORANDUM

DEPARTMENT - ELECTRIC AND WATER

Date: January 4, 2022

To: Finance Committee

From: Mark Frye, City Administrator
 Laurie Sullivan-Murray, Finance Director
 Joe Pickart, Utility Manager

Re: Consider/Act on Fleet Budget Amendment for Purchase of DPW Plow Truck Replacements in 2022 & 2023

RELATES TO THE STRATEGIC PLAN

N/A

BACKGROUND

DPW’s Fleet equipment budget includes one (1) plow truck in 2022 and two (2) plow trucks in 2023 as replacements for old, failing and/or obsolete plow trucks. Budget numbers for each truck stand at \$240,000 currently. Due to the current supply chain and labor challenges, quotes and lead times for these plow trucks have increased to the point of requiring a review of budget numbers and the timeframe in which we make purchases.

ADDITIONAL ANALYSIS

A request for quotes and delivery dates went out to plow truck vendors for the 2022 truck. Responses as follows:

Wausau Equipment (Freightliner chassis with Wausau Upfit):	\$271,800	2022 Delivery, firm price
Wausau Equipment (Western Star chassis with Wausau Upfit):	\$285,939	2023 Delivery, firm price
Lakeside International (Int’l chassis with Wausau Upfit):	\$252,950	2023, price & delivery may vary
Lakeside International (Int’l chassis with Casper Upfit):	\$251,299	2023, price & delivery may vary
Lakeside International (Int’l chassis with Monroe Upfit):	\$262,533	2023, price & delivery may vary

Truck Country (Freightliner chassis) – no submission, no chassis are available currently

Peterbuilt – no submission, not taking new customers at this time

Western Star – no chassis available in 2022, 2023 and Q1/Q2 of 2024

Wisconsin Kenworth – no submittal, sold out

Mack – Chassis alone is more than chassis and upfit, no submission

Based on quotes and supplied information, Wausau Equipment is able to provide the requested truck in 2022 only because they had been allocated 50 chassis from the current manufacturing que. The City will be able to take advantage of this should we agree to purchase from Wausau. This would apply to the 2022 purchase, and if we choose, we could pre-order the 2023 models from the Wausau allocations, ensuring we receive the equipment we need in a timely fashion.

Regarding timely delivery, the plow truck we are replacing in 2022 has already been sold at auction, at a price of only \$3600, reflective of the extreme poor condition it was in (it was necessary to trailer it away). Therefore, the need to purchase a plow truck that can be delivered in 2022 is essential considering the City continues to add developments that require snow removal.

The trucks staged for replacement in 2023 are both Sterling models, a company that is now out of business. It is becoming very difficult to get parts for these vehicles. A summary of condition as follows for each:

Truck 48, a 2004 Sterling:

Dashboard broken/loose, box lift thin, box sides thin, plow worn/slop in pins, wing heel, box frame, wing mount are all rotten/rusted. Rear box pins are frozen, need a new box to repair this issue. Photos as below

Truck 53, a 2006 Sterling:

Bad dash, no parts available, box lift very thin, spring mounts corroding away, battery box falling apart, dump box has large holes covered by rust, rear box pins frozen, need a new box to repair this issue. Photos as below.

FINANCIAL IMPACT

Option 1 – Purchase only the 2022 model from Wausau at the increased price to secure the manufacturing spot at an additional cost of \$31,800.00. We recommend using Fleet reserve funds for this amendment.

Option 2 – Purchase the 2022 model from Wausau at the increased price of \$31,800.00 and pre-order the (2) 2023 models, estimated cost increase over budget of \$21,480.00 and \$34,980. For the 2022 purchase we recommend use of Fleet Reserves. In order to lock in the cost of the two trucks in 2023, we may need to prepay to avoid future increases. Any 2023 prepayment would include an advance from the WWTP fund with the intent to pay back in 2023 using budgeted levy dollars.

Option 3 – Discuss other funding options.

RECOMMENDATION

Staff recommends acceptance of the 2022 Capital budget amendment in the amount of \$31,800 using Fleet Reserves and locking in the pre-order of the 2023 trucks. Additional funding for the 2023 trucks would include an advance from the WWTP fund, to be paid back with 2023 General fund budgeted levy.

SUGGESTED MOTION

Motion to approve a budget amendment for the 2022 Truck purchase in the amount of \$31,800 using Fleet reserves.

Motion for 2023 truck purchases.

Images of trucks staged for replacement: Truck 48, a 2004 Sterling



Truck 53, a 2006 Sterling



RESOLUTION NO. 22-R3003

APPROVING FLEET BUDGET AMENDMENT FOR 2022 AND 2023 PLOW TRUCK PURCHASES

WHEREAS, our Fleet Department requested proposals for the purchase of a tandem axle plow truck for delivery in 2022; and

WHEREAS, the following proposals were received; and

Wausau Equipment (Freightliner with Wausau Upfit): \$271,800 2022 Delivery, firm price
Wausau Equipment (Western Star with Wausau Upfit): \$285,939 2023 Delivery, firm price
Lakeside International (Int'l with Wausau Upfit): \$252,950 2023 Delivery & price may vary
Lakeside International (Int'l with Casper Upfit): \$251,299 2023 Delivery & price may vary
Lakeside International (Int'l with Monroe Upfit): \$262,533 2023 Delivery & price may vary
Truck Country (Freightliner chassis) – no submission, no chassis are available currently
Peterbuilt – no submission, not taking new customers at this time
Western Star – no chassis available in 2022, 2023 and Q1/Q2 of 2024
Wisconsin Kenworth – no submittal, sold out
Mack – Chassis alone is more than chassis and upfit, no submission

WHEREAS, the plow truck we are replacing in 2022 has already been sold at auction, at a price of only \$3,600, reflective of the extreme poor condition it was in (it was necessary to trailer it away); and

WHEREAS, the need to purchase a plow truck that can be delivered in 2022 is essential considering the City continues to add developments that require snow removal; and

WHEREAS, the trucks slated for replacement in 2023 were both manufactured by Sterling, a company that is no longer in business; and

WHEREAS, replacement parts for Sterling vehicles are difficult, and will become more difficult in the future so we need to move forward with the replacement of these two plow trucks, leaving one more in the fleet; and

WHEREAS, to receive trucks in 2023 they need to be ordered now; and

WHEREAS, there are two options to consider for the replacement of the trucks as shown:

OPTION 1 – Purchase only the 2022 model from Wausau at the increased price to secure the manufacturing spot at an additional cost of \$31,800.00. We recommend using Fleet reserve funds for this amendment.

OPTION 2 – Purchase the 2022 model from Wausau at the increased price of \$31,800.00 and pre-order the (2) 2023 models, estimated cost increase over budget of \$19,528.00 and \$31,800.00. For the 2022 purchase, we recommend use of Fleet Reserves. In order to lock in the cost of the two plow trucks in 2023, we may need to prepay to avoid future increases. Any 2023 prepayment would include an advance from the WWTP fund with the intent to pay back in 2023 using budgeted levy dollars.

NOW THEREFORE, BE IT HEREBY RESOLVED that appropriate City staff is hereby directed to proceed with Option 1 for the purchase of a 2022 plow truck. A budget amendment would be required.

Or

NOW THEREFORE, BE IT HEREBY RESOLVED that appropriate City staff is hereby directed to proceed with Option 2 for the purchase of a 2022 plow truck and two plow trucks for 2023.

BE IT FURTHER RESOLVED, based on the selected option, funding in 2022 would be from the Fleet Reserves and require a super majority 3/4 vote for a budget amendment.

BE IT FURTHER RESOLVED purchases for 2023 would come from WWTP funds and paid back upon approval of the adjusted budget with levy dollars.

DATED: January 4, 2022

CITY OF OCONOMOWOC

By: _____
Robert P. Magnus, Mayor

ATTEST:

Diane Coenen, Clerk