

It is expected that a Quorum of the Personnel Committee, Board of Public Works, and Common Council will be attending this meeting: (although it is not expected that any official action of any of those bodies will be taken)

**CITY OF MENASHA
ADMINISTRATION COMMITTEE
Third Floor Council Chambers
140 Main Street, Menasha
July 20, 2009
6:30 PM
or immediately following Common Council
AGENDA**

- A. CALL TO ORDER
- B. ROLL CALL/EXCUSED ABSENCES
- C. MINUTES TO APPROVE
 - 1. [Administration Committee, 7/6/09](#)
- D. ACTION ITEMS
 - 1. [Resolution R-20-09 – Resolution Authorizing the Replacement of Equipment for Department of Public Works](#)
- E. ADJOURNMENT

"Menasha is committed to its diverse population. Our Non-English speaking population and those with disabilities are invited to contact the Menasha City Clerk at 967-3603 24-hours in advance of the meeting for the City to arrange special accommodations."

CITY OF MENASHA
ADMINISTRATION COMMITTEE
Third Floor Council Chambers
140 Main Street, Menasha
July 6, 2009
MINUTES

A. CALL TO ORDER

Meeting called to order by Chairman Wisneski at 7:14 p.m.

B. ROLL CALL/EXCUSED ABSENCES

PRESENT: Ald. Wisneski, Pack, Hendricks, Zelinski, Englebert, Benner, Pamerter,
Taylor

ALSO PRESENT: Mayor Merkes, Atty Rich Carlson, PC Stanke, DPW Radtke,
C/T Stoffel, AP Kester, Clerk Galeazzi and the Press.

C. MINUTES TO APPROVE

[1. Administration Committee, 6/15/09](#)

Moved by Ald. Pack, seconded by Ald. Englebert to approve minutes.

Motion carried on voice vote

D. ACTION ITEMS

None

E. ADJOURNMENT

Moved by Ald. Hendricks, seconded by Ald. Pack to adjourn at 7:15 p.m.

Motion carried on voice vote.

Respectfully submitted by
Deborah A. Galeazzi, WCMC
City Clerk

RESOLUTION R – 20 – 09

RESOLUTION AUTHORIZING THE REPLACEMENT OF EQUIPMENT FOR
DEPARTMENT OF PUBLIC WORKS

Introduced by Mayor Merkes

WHEREAS, the Department of Public Works is recommending advancing the replacement of truck #0022 from the 2010 replacement schedule in 2009 to avoid additional costs; and

WHEREAS, it is anticipated that the 2010 EPA engine exhaust regulations will add approximately \$8,000 to \$12,000 to the cost of a truck chassis; and

WHEREAS, the change in emissions will add additional maintenance and operating costs; and

WHEREAS, there will be a savings associated with supplying/mounting equipment; and

WHEREAS, Stern Brothers agrees to this purchase as a good financial decision for the taxpayers and recommends moving forward at this time; and

WHEREAS, the Internal Equipment Fund has adequate funds to accommodate advancing the replacement of this truck; and

WHEREAS, by pursuing this course of action the Department of Public Works Department will reduce the 2010 purchasing schedule by 50% and will realize a minimum savings of approximately \$11,000 by replacing truck #0022 now; and

WHEREAS, the vendors have agreed to honor the prices quoted in December 2008

NOW THEREFORE, BE IT RESOLVED, that the City of Menasha Common Council agrees to the recommendation of the purchase to replace truck #0022.

BE IT FURTHER RESOLVED that the City Clerk is hereby directed to publish this Resolution in the official City newspaper.

Passed and approved this day of , 2009.

Donald Merkes Mayor

ATTEST:

Deborah A. Galeazzi, City Clerk

City of Menasha

Public Works Facility

Memorandum

Date: 7/16/2009

To: Mark Radtke, Director of Public Works
Common Council

From: Tim Jacobson, Public Works Superintendent

Re: Equipment Purchase

Please consider the following report from January 2009. It is the original purchase recommendation, complete with all facts and figures. The Department of Public Works stands by and continues to recommend this course of action. This purchase is intended to commit to short and long term savings to the taxpayers.

At the time of the original submission, the financial burden from the Utilities Steam Plant forced this administration to proceed cautiously at the start of the present fiscal period. Although there was strong support and everyone thought it was a good opportunity for the taxpayers, the Mayor and Mark were leery to send this recommendation to the council for approval.

Since this recommendation the firms hired to review and advise the City of Menasha has also agreed this purchase is a good financial decision for the taxpayers at this time and recommends moving forward.

Based on all the information and financial stability of the Internal Equipment Fund the Department of Public Works recommends approval of this Purchase.

As a foot note, the vendors involved have agreed to honor the prices quoted in December 2008.

2009 TANDEM AXLE CHASSIS TABULATION

1.	<u>Packer City International</u>	Base Price	\$ 86,775.00
		Trade Value	<u>\$ 10,000.00</u>
		Sub Total	\$ 76,775.00
		Air ride suspension	\$ 80.00
		Rear shocks	\$ 328.00
	Auxiliary plow light harness		\$ 44.00
	Relocate Allison E.C.M.		\$ 91.00
	Auto Lube System		<u>N/A</u>
	Total		\$ 77,318.00
1A.	<u>Option for second chassis</u>	Base Price	\$ 86,775.00
		Trade Value	<u>\$ 15,000.00</u>
		Sub Total	\$ 71,775.00
		Air ride suspension	\$ 80.00
		Rear shocks	\$ 328.00
	Auxiliary plow light harness		\$ 44.00
	Relocate Allison E.C.M.		\$ 91.00
	Auto Lube System		<u>N/A</u>
	Total		\$ 72,318.00
2.	<u>Quality Truck Care Center</u> (Western Star)	Base Price	\$102,284.00
		Trade Value	<u>\$15,000.00</u>
		Total	\$71,775.00
2A.	<u>Option for second chassis</u>	Base Price	\$102,284.00
		Trade Value	<u>\$ 12,000.00</u>
		Total	\$ 90,284.00
3.	<u>Peterbilt of Wisconsin</u> (340)	Base Price	\$ 81,500.00
		Trade Value	<u>\$ 8,400.00</u>
		Sub Total	\$ 73,100.00
		Air tank cables	\$ 75.00
		Auto Lube System	\$ 2,650.00
	Full locking differential		<u>\$ 1,175.00</u>
	Total		\$ 77,000.00
3A.	<u>Option for second chassis</u>	Base Price	\$ 81,500.00
		Trade Value	<u>\$ 12,800.00</u>
		Sub Total	\$ 68,700.00
		Air tank cables	\$ 75.00
		Auto Lube System	\$ 2,650.00
	Full locking differential		<u>\$ 1,175.00</u>
	Total		\$ 72,600.00

TABULATION CONTINUED

4. <u>Truck Country (Freightliner)</u>	Base Price	\$ 76,848.00
	Trade Value	<u>\$ 6,000.00</u>
	Sub Total	\$ 70,848.00
	Auto Lube System	<u>N/A</u>
	Total	\$ 70,848.00
4A. <u>Option for second chassis</u>	Base Price	\$ 76,848.00
	Trade Value	<u>\$ 9,000.00</u>
	Sub Total	\$ 67,848.00
	Auto Lube System	<u>N/A</u>
	Total	\$ 67,848.00

Tabulation Continued

The Department of Public Works considers [Peterbilt of Wisconsin](#) to be the successful vendor in this matter. At least 49% (\$5,300) of the cost difference between Peterbilt and Freightliner is the proposed cost of fitting each chassis with an Auto Lube System. The Department of Public Works has numerous pieces of equipment fitted with an Auto Lube System and has proven not only to be effective, but essential as a tool in maintaining vehicles and equipment and keeping operating costs, downtime, and general maintenance to a minimum.

Included with this packet is information explaining the Peterbilt construction long term analysis that will essentially recover the remaining 51% (\$5,604) through maintenance and salvage value.

The Department of Public Works is recommending advancing the replacement of truck #0022 from the 2010 replacement schedule to 2009 for the following reasons;

During recent seminars and conversations with vendors it is anticipated that the 2010 EPA engine exhaust regulations will add approximately \$8,000.00 to \$12,000.00 to the cost of a chassis. This does not include the potential loss of trade value, changes to chassis specification to accommodate the diesel exhaust fluid system, the diesel exhaust fluid (and storage), and any additional maintenance cost related to the diesel exhaust system and roughly \$3,272.90 savings with supplying/mounting equipment. In addition to this, we (everybody) are dealing with an unknown commodity. Director Radtke has always pursued "the cutting edge" but in this case I prefer not to be a "guinea pig".

Due to the record setting winters of 2007-2008 and 2008-2009 the internal equipment fund has generated adequate funds to accommodate advancing the replacement of #0022 from 2010 to 2009. This is an opportunity to "run government like a business".

In 2006 with impending 2007 EPA regulations many private fleets did this very same thing. I can assume that they will do it again in 2009 to avoid the 2010 regulations as much as possible. By pursuing this course of action the Department of Public Works will reduce the 2010 purchasing schedule by 50%, thus allowing a calendar year to develop specifications based on performance information from other fleet experiences. The City of Menasha will also realize a minimum of \$11,272.90 savings for replacing truck #0022 now. Annual vehicle/equipment rate changes were not made to accommodate pursuing this course of action.

After the 2007 fiscal period the Department of Public Works actually lowered usage rates for the 2008 fiscal period. The usage rates were pushed back to 2006 actual rates for the majority of the fleet. Even after lowering the rates \$73,004.52 more usage revenue was realized during the fiscal period for 2008. The vast majority of this revenue is a direct reflection of the severity of the winter.

The Department of Public Works adjusted rates for fiscal period 2009 based on normal operations. The rates for 2009 have recently been adjusted to estimated 2008 rates, with some remaining status quo.

Although the revenue side appears sufficient, the department also has realized some large expenses that must be accounted for, due to the severity of the winter load. One in particular was a fuel pump failure on grader #0019, a replacement fuel pump costs over \$1,600.00. While performing the fuel pump replacement, the radiator/transmission cooler needed to be removed. Since it was out it provided us an opportunity to repair some leakage. The radiator repair vendor informed us it was not capable of repairing the cooler. A new radiator/transmission cooler costs roughly \$2,000.00 and are manufactured only when ordered. This meant a time line of 2-6 weeks before delivery. We obviously could not wait this long during winter so a call was made to the repair center for them to make sufficient repairs to the cooler getting us at least 2-3 weeks of slightly leaking until the new one is delivered. With the grader approaching 20 years old, and having it apart exposing most of the hydraulic hoses, it was determined the best course of action was to replace all the hydraulic hoses.

In conclusion, this piece of equipment will have a large cost infused into the cost of operating. Since the rates have already been adjusted without this information, the vehicle should be assigned more work or not replaced until that cost is recovered. This is just one example; there are others but so far none this significant.

The estimated funds allocated for both vehicles are \$416,000.00. The proposed cost should the City of Menasha pursue the recommended course of action is \$333,960.00.

Should you have any questions feel free to contact me at the Public Works Facility office.

RETURNS
THROUGH
PERFORMANCE

MEDIUM DUTY



CLASS PAYS

PETERBILT VALUE

CLASS PAYS – is a statement that truly reflects what a Peterbilt can mean to your business. Each Peterbilt earns its keep by providing your business value!

Value is not simply the price paid for goods and services; it is the benefit to you and your business that the price represents. Lower prices do not always mean better value.

At Peterbilt, we take pride in our efforts to provide our customers with a product that provides value that can't be duplicated elsewhere. Our medium duty trucks are recognized as a truck that will satisfy our customers needs efficiently, reliably, and will serve them for a long time. Our medium duty trucks offer excellent value in the following ways:

- Durability and Uptime
- Cab Construction
- Serviceability
- Cost-Effective Design

DURABILITY & UPTIME

Durability (long life) is very important to medium duty customers. The average trade cycle for medium duty trucks is about eight years. Many of our medium duty customers tell us that when they are comparing bids and calculating values, they often add one or two years to the expected ownership cycle of our trucks.

In addition, a recent study shows that Peterbilt medium duty trucks have the highest percentage of customers that have not

experienced any unexpected downtime (57% compared to an average of 44% for the competition). And, when downtime is experienced, Peterbilt products have up to three fewer days per year than our competitors. *Because downtime costs you about \$500 day, over an eight year period a Peterbilt can save you \$12,000 or more.*

Durability also plays a key role in establishing resale values of pre-owned trucks. Resale values on Peterbilt Medium Duty products range between \$1,000 and \$7,000 over the competition depending on configuration. In fact, a good indicator of how valuable our trucks are is how difficult they are to find as a used truck. Look for them; you'll see that our customers don't want to let them go.

CAB CONSTRUCTION

All Peterbilt trucks feature a modular all-aluminum huck-bolted cab construction that is very durable, highly corrosion resistant, and easy to repair. The value of this feature comes through in two significant ways:

Elimination of Rust and Corrosion Repairs – Because an average rust repair runs between \$900 and \$5,000, and with older trucks these repairs can occur annually, over an eight-year ownership cycle the overall cost benefit of our cab could be as much as \$10,000. This is especially true in northern climates and salt air areas.

Easy Repairs - Our cab's huck-bolted modular design is easy to repair. In fact, our body shops tell us that our cabs can be repaired in about two-thirds of the time that it takes to make similar repairs on our competitors' cabs. Given that a truck's average length of stay in a body shop is about two weeks, that's about three days (or over \$1,500), per repair, of additional uptime our cabs contribute to your bottom line.



SERVICEABILITY

Peterbilt's medium duty products are designed to minimize the time it takes to perform routine preventive maintenance and necessary repairs. This is true for under-hood services, electrical work and chassis maintenance, as well as for completing necessary repairs. In a recent survey, 69% of our customers said our trucks had excellent or outstanding serviceability compared to an average of 59% for our competitors. That means less time and money spent on service and repairs and more time on the road.

Based on labor times shown in the Motor Truck and Van Labor Time Guide, when comparing several common maintenance and repair items, the Model 335 can save you up to 20% on the cost of labor over the life of the truck. Considering that the average medium duty customer spends about \$10,000 per year in maintenance and repair labor, that 20% translates to \$2,000 over an eight year period.

COST EFFECTIVE DESIGN

All Peterbilt products are designed to be durable, reliable, easy to service, and cost effective. An excellent example is the two-piece windshield design.

The part cost of replacing one half of our two-piece windshield is about \$65 compared to between \$250 and \$350 for our competitors' one piece designs.

If you damage a windshield once per year, our two-piece windshield design can save you as much as \$1,800 during an eight-year ownership cycle.



Another important money-saving design incorporated into the Model 335 is the new hood. Our new hood is constructed of Metton®, a very durable and flexible material that resists damage much better than more commonly used materials. It will not crack or shatter and holds its shape after minor impacts. In addition, the new chromed polycarbonate crown and stainless steel oval-mesh grill will look great for a long time and will protect your valuable cooling system.



When you consider that the average loading-dock “fender-bender” costs around \$700 to repair, the money saving properties of our new Metton® hood are obvious.

If we combine the various Peterbilt value advantages discussed above, the overall value picture becomes clear. The long-term benefit associated with your decision to purchase a new Model 335 can save you big! In the example below, overall savings over an 8-year period for a truck driven 40,000 miles annually would be over \$41,000. You even might say that the Model 335 pays for itself! On the back page, a worksheet has been provided as an aid to assist you in determining the value a Peterbilt product can bring to your specific business needs:

Peterbilt Value Equation Example *				Assumptions	
				Annual Miles:	40,000
				Trade Cycle:	8 years
Value Element	Annual Estimates			Frequency	Peterbilt Value Advantage
	Peterbilt	Competitor	Difference		
Average Purchase Price	(\$47,500)	(\$44,000)	(\$3,500)	1	(\$3,500)
Cab Repair Savings					
• Repair Time Savings	\$3,000	0	\$3,000	4	\$12,000
	(# Days Saved (3) x Cost of Downtime (\$1,000))			(every other year)	
• Corrosion Repair	\$0	(\$2,500)	\$2,500	3	\$7,500
	(Estimated Average Cost of Rust Repair)			(every 2-3 years)	
Downtime Savings	\$1,500.00	\$0.00	\$1,500	8	\$12,000
	(1 day Profit (\$500) x 3 days)				
Resale Value	\$31,000	\$27,000	\$4,000	1	\$4,000
Serviceability Savings (Labor)	\$250	0	\$250	8	\$2,000
	(Estimated Annual Labor (\$1,250) x Peterbilt Savings (20%))				
Cost-Effective Design					
• Windshield Replacement	\$65.00	\$300.00	\$235	8	\$1,880
• Resistance to Impact Damage	\$0.00	(\$700.00)	\$700	2	\$1,400
	(New Metton® Hood)				
24/7 Customer Assistance					
• Incident Charges	\$0	\$35	\$35	8	\$280
• Downtime Savings	\$500.00	\$0.00	\$500	8	\$4,000
	(1 day Profit Opportunity)				
TOTAL PER-TRUCK VALUE ADVANTAGE					\$41,560

* The figures shown represent directional numbers that reflect actual Peterbilt value advantages. Your actual savings will vary depending upon your truck’s or fleet operating environment and vocation, as well as the relative driver skill level.

