



City of Wheaton
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City of Wheaton, Illinois

www.wheaton.il.us

TO: Mike Dzugan City Manager
FROM: Joan M. Schouten, MBA CPIM CPPB Procurement Officer
DATE: July 12, 2016
RE: Recommendation to Award

AMBULANCES (quantity 2)

Solicitation Process: cooperative purchase through HGACⁱ

Recommended Service Provider: Demers Ambulances

The adopted FY 2017 Municipal Garage Fund budget includes a total of \$1,455,108 for vehicle replacement of which \$226,600 was allotted for the purchase of one ambulance.

Available Budget: \$707,747
Request for Purchase: \$359,320 (or \$179,660 ea)
Remaining Budget: \$348,427

Ambulances #944 and #945 were scheduled for replacement during FY 2017 and 2018, respectively. The Municipal Garage Fund has a fund balance reserve which can be used to accommodate the early replacement of unit #945 during FY 2017.

Background: The city's decision to purchase the above ambulances is based on the following:

- The Fire Department provides first responder needs. With three (3) fire stations, four (4) ambulances are required.
- The targeted life cycle for an ambulance is eight (8) years.
 - Both ambulances are 2008 International/Medtec Ambulances.
 - Ambulance #944 has 83,771 miles/7,282 operational hours and is in its eighth (8th) year.
 - Ambulance #945 has 76,611 miles/6,795 operational hours and is in its seventh (7th) year.
- Committed to the city's goal to "Turn Wheaton Green", the Fire Department is recommending the purchase of a smaller ambulance.
 - Previous ambulances utilized a truck chassis. The recommended ambulances are more similar to a van style.
 - This downsized vehicle allows for eco-emission enhancements and operational efficiencies (*reference memo by Chief Schultz*)
 - There is an \$80,000 (\$260,000 - \$180,000) cost avoidance (per ambulance) by purchasing this smaller ambulance versus the current "truck chassis" ambulance.
- Additional cost advantages include:
 - A \$4,800 deduct per ambulance through a Ford factory discount
 - By purchasing the 2nd ambulance at this time, the city
 - avoids a 3% price increase effective October 2016
 - benefits by a \$1,500 discount per ambulance through a multi-unit discount

Attachments: memo by Chief Schultz

ⁱ Purchasing, has conducted due diligence and affirms the Houston-Galveston Area Council (HGAC) meets the goals of legal compliance, open competition, transparent process and impartial analysis.

June 9, 2016

To: Mike Dzugan, City Manager

From: Bill Schultz, Fire Chief

Subject: Replacement of Ambulances - Vehicle #944 & #945

OBJECTIVE

Vehicle #944, a 2008 International/Medtec Ambulance, has been recommended for replacement by the City of Wheaton Fleet Services Committee based upon the City of Wheaton Fleet Replacement Schedule and an analysis of the vehicle’s useful life. The replacement is included in the FYE 17 budget (Budget pg. 359) with a budgeted amount of \$226,600.00. Additionally, Vehicle #945, a 2008 International/Medtec Ambulance, is scheduled for replacement in FYE 18 budget year. The objective is to attain approval to purchase two replacement units utilizing the Houston Galveston Area Council (HGAC) government cooperative (co-op) pricing schedule and taking advantage of an available cost savings/control opportunity in the form of a volume discount.

BACKGROUND

Replacement Determination - Vehicle #944 has accumulated 83,771miles/ 7,282 operational hours and Vehicle #945 has accumulated 76,611miles/ 6,795 operational hours. The vehicles are in their eighth and seventh year of operation respectively. Our targeted life cycle for an ambulance is eight years which is the timeframe that has been used for capital/fleet replacement budget planning. The eight year timeframe was previously established based upon both industry standards and a historical analysis of our repair costs versus re-sale value. The eight year timeframe has been the historical point for ambulances at which the costs for repair begin to escalate beyond the value of the vehicle. The current analysis of Vehicle #944 is consistent with the historical findings. It is forecasted that Vehicle #945 will be in line with the historical points.

Ambulance Size Reduction & Eco-emissions Highlights – The Fire Department has been reducing the size of ambulance vehicles over the past several purchases. A further size reduction will be implemented with the purchase of the replacement unit. In the past, the vehicle chassis selected have been a “truck” style which creates a bigger vehicle footprint. Further evaluation of both operational needs and maintenance capability is now providing the ability to reduce the chassis size further down to a “van” style with a smaller profile. The transition to “van” chassis will not compromise service delivery. The following graphics show a comparison of our current unit style versus the proposed unit style:



The reduction in size will further allow for several eco-emissions enhancements not previously available for our ambulances. The enhancements include an idling management system along with aerodynamic design which will aid in further enhancement of fuel efficiency. Additionally, the downsizing of the chassis creates an opportunity to realize a reduction of fuel consumption (i.e. current chassis – avg. miles per gallon is 6; proposed chassis - avg. miles per gallon is 8)

COW Strategic Plan

The proposed purchase will aid the Fire Department with matching the parameters of the City of Wheaton Strategic Plan. With the downsizing action, the City will realize associated cost reductions in the areas of not only day to day operating costs associated with the vehicle (i.e. fuel consumption) but also with vehicle transfer allocations. For the purposes of illustrating the vehicle transfer reduction, if we purchased the same type of ambulance as is in-service today the cost is estimated to be \$260,000. The savings between that pricing and the pricing for the proposed, downsized unit (using the net purchase price figure) is approximately \$80,000 or 30% difference. The correlated savings will be realized in the Capital/Operating Charge within the Municipal Garage account transfer contained in the Fire Department budget.

Purchasing Method - With the assistance and approval of the City of Wheaton Procurement Officer, the Fire Department has been successfully utilizing cooperative purchasing groups for over ten years to facilitate vehicle replacements. The regionally/nationally recognized co-op groups that have been utilized are comprised of units of government who competitively bid numerous products/services (including vehicles) to take advantage of economies of scale and to realize administrative efficiencies. The competitive bid process used complies with applicable laws and with regards to emergency vehicles the process is based upon nationally established specifications.

The most significant advantages of using regionally/nationally recognized co-ops include the opportunity to minimize internal staff hours required to facilitate a competitive bidding process since it is completed by a third party governmental group and the ability to capture competitive pricing from vendors since they are serving large numbers of purchasers versus single purchasers. When comparing the pricing from co-op purchases of emergency vehicles to the national landscape of independent purchasing, the co-op pricing remains equally competitive and in most cases better than costs associated with purchases made by individual fire/EMS entities.

The most recent City of Wheaton fire pumper was purchased through the HGAC Cooperative. The website for HGAC is www.hgacbuy.org. The proposed pricing for our specified ambulance is based upon the HGAC purchasing requirements.

Pricing/Volume Purchase/Construction – A review of the HGAC purchasing program identified Demers Ambulances as an HGAC approved vendor/manufacturer. Upon our request, Demers Ambulances has provided a proposal for the purchase of a replacement Ambulance based upon the HGAC pricing structure. The proposal (copy attached) lists the sub-total, per unit sales price as \$185,960.00. The manufacturer further lists a Ford factory discount which would result in per unit deduct of \$4,800.00. Demers also quotes a pre-payment option deduct of \$3,500.00 along with a performance bond. However, Director of Finance Bob Lehnhardt has advised that the pre-payment option would not provide a cost advantage to us.

Demers does not offer a trade-in option for units. Fleet Superintendent Sam Webb will seek to surplus the current units and then sell them through a fire apparatus broker. Demers also does not have any stock units currently available that match our needs.

Demers has quoted a volume per unit discount of \$1,500.00. Further inquiry has also identified that effective October 2016 the HGAC pricing structure will be subjected to pricing updates resulting in a anticipated 3% cost increase. The current HGAC pricing program was put into effect in 2014. Demers has advised that all purchases made after the October 2016 timeline will be subject to the cost adjustment. The current unit due for replacement (#944) and its' "twin" (#945) were purchased in back to back budget years in order to distribute costs over two budget years in 2008.

Additionally, the quote includes \$37,495 identified as "Options/Custom Items". The proposed ambulance includes a new motorized patient stretcher/transport system that is integrated into the construction of the patient compartment in order to comply with current safety standards. The itemized cost of the patient stretcher/transport system is \$33,695. The balance of the "Items" include several additional safety features listed as follows: upgraded 5 point harness seatbelts (versus standard seat belts) in the patient compartment for the Paramedics/EMT's; a backing/blind spot camera system to prevent vehicle accidents; and an upgraded seating configuration from a standard bench seat to a mobile captain's seat for safer delivery of care to patients during transport.

The estimated construction timeframe for both units is 6 months.

ANALYSIS/RECOMMENDATION

In analyzing the above information, the City of Wheaton would realize administrative and cost advantages by purchasing the replacement ambulance units using the HGAC purchasing program and opting to take advantage of not only the volume discount but also the opportunity to avoid cost increases that would apply after October 2016 by purchasing a second unit now. According to Director Lehnhardt, the City of Wheaton Municipal Garage fund has the reserves available to purchase the additional ambulance this fiscal year.

Sale Price	\$181,160
Volume Discount	<u>(1,500)</u>
Net Purchase Price	\$179,960
	<u>X 2 Units</u>
Total Purchase Price	\$359,320

Based upon the outlined information, it is my recommendation that we proceed with purchasing two replacement ambulances from Demers as outlined above. By completing the purchase as proposed, the final total purchase price would be \$359,320.00 (\$179,660.00 per unit).

