



## STAFF REPORT

**DATE:** August 15, 2017

**TO:** Ronald L. Olson, City Manager

**VIA:** Jonathan Locke, Executive Director of Finance

**FROM:** Frank Tydlacka, Director of Fleet Services

**SUBJECT:** Authorize an increase in tire service expenditures for fiscal year 2017

### **BACKGROUND AND FINDINGS:**

On March 11, 2014, the City Council approved entering into an agreement with Colliver Tire Services to provide the City with tire services for heavy trucks and off-road equipment on an as-needed basis. The contract awarded was for one year with the option to renew for three additional one-year periods. Due to the irregularity of services required each year, the bid pricing was based upon each individual type of service and not a total amount. However, there was an annual estimated cost stated by staff during the bid approval process that was based upon the previous year's usage in 2013. That estimated cost in 2013 is what the annual purchase order was issued for this current fiscal year and that amount is no longer adequate. To complete the remainder of this fiscal year, the existing purchase order of \$221,983.50 is estimated to require an increase of \$67,000.

Over the past two years, the annual amount expensed for tire repairs has risen. The primary contributing factor appears to be degradation of the concrete floor at the Transfer Station. The spalling and pitting of the floor make it extremely difficult to completely clean it of foreign debris which then causes damage to the incoming truck tires.

### **THE ALTERNATIVES CONSIDERED:**

At this time, there does not appear to be a viable alternative. Transfer Station personnel are working diligently to sweep the floors as often and as well as possible. Pricing to repair the floor is also in the process of being obtained. Future repairs to the facility floor will undoubtedly result in reduced tire damage.

### **Which alternative is recommended? Why?**

N/A

**CONFORMITY TO CITY POLICY:**

This requested funding increase is not considered a Change Order to the existing contract since the Colliver Tire Service agreement pricing has not changed. Therefore, there are no state codes or purchasing policies that apply. This is a procedural action to request approval of a purchase order increase over \$50,000.00.

**FINANCIAL IMPACT:**

The existing purchase order for Colliver Tire Services of \$221,983.50 is requested to be increased by \$67,000.00 to provide the estimated funding to complete this fiscal year.

**What is the amount of the expenditure in the current fiscal year? For future years?**

The anticipated amount to be spent this current fiscal year is \$288,984.00. Future year expenditures are anticipated to be reduced as a result of repairs to the facility floor. The current tire services agreement expires in April 2018 at which time it will be rebid. How this new agreement will actually affect overall costs in the future is unknown at this time.

**Is this expenditure budgeted? If not, where will the money come from?**

This expenditure is budgeted, primarily within the Solid Waste Division which utilizes the vast majority of the services.

**Is there a sufficient amount in the budgeted line-item for this expenditure?**

Yes. The Solid Waste repair and maintenance accounts as well as the repair and maintenance accounts of several other divisions that also utilize tire services have sufficient funding. There is not a separate account for tire services within each division; tire services are just one expense within each division's overall repair and maintenance account.

**RECOMMENDATION:**

Staff recommends increasing the original purchase order amount by \$67,000.00 to provide the estimated funding to complete this fiscal year.

**DEPARTMENTAL CLEARANCES:**

Public Works  
Purchasing  
Finance  
City Attorney

**ATTACHED SUPPORTING DOCUMENTS:**

Bid Tabulation Sheet