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**DEPARTMENT MEMO**

**DEPARTMENT:** Public Works  
**FROM:** Aaron Russell, P.E.  
**MEETING:** July 6, 2020

**SUBJECT:**

Consider approval of a minute order for the purchase of replacement vehicles from Austin Turf and Tractor of Marble Falls, TX in the amount of \$49,000. (*Staff Contact: Aaron Russell P.E, Public Works Director*)

**SUMMARY:**

Replacing fleet assets in a timely manner prevents the increased maintenance and indirect costs from exceeding the capital dollars saved by extending vehicle replacement. Indirect or “hidden” costs associated with delayed asset replacement include:

- Reduced employee efficiency and lost productivity.
- Increased fleet size to compensate for higher out of service rates
- Larger repair costs resulting from driver neglect or even abuse of older vehicles with which the operators are unhappy.
- Increased accident rates or liability exposure.
- Perhaps most importantly, poorer company image as City vehicles are often the most visible City symbols.

Given this along with the fiscal magnitude and operational importance of the City of Burleson’s vehicles and equipment, Equipment Services staff use a scorecard evaluation with six criteria including Age, Miles/Hours, Type of Service, Reliability, Maintenance and Repair Costs, as well as Condition. This method effectively determines the optimal time vehicles and/or equipment should be replaced. The table below summarizes the scorecard criteria. According to the City’s Equipment Replacement Policy, assets will be replaced with a total score of 21 or higher.

FACTORS	POINTS
Age	One point for each 20% of expected Class Service Life based on in-service date. This score may exceed 5 points.
Miles/Hours	One point for each 20% of expected Life Miles or Hours of use. This score may exceed 5 points.
Type of Service	1 to 5 points are assigned based on the type of service that vehicle receives. For instance, a police car would be given a 5 due to its severe service duty. In contrast, an administrative sedan would be given a 1.
Reliability	Points are assigned as 1, 3, or 5 depending on comparison to average Maintenance Cost Per Mile (MCPM) of class. Points are assigned as 1 point if MCPM mile is less than 75 % of average MCPM in class, 3 points if > 75% but < 120 % average MCPM in class, and 5 points if > 120% of average MCPM in class.
Maintenance & Repair Costs	<p>The Formula for Maintenance cost is Target Maintenance cost divided by (Original Purchase Price x .2)</p> <p>Target Maintenance cost is found by taking Maintenance &amp; Repair costs and subtracting Non-Targeted Repair costs. Examples of Non-Targeted Repairs would be repair cost after accident.</p> <p>This provides a 1 when targeted maintenance cost = 20 % of Original Purchase cost and a 5 when Targeted Maintenance costs are equal to Purchase cost. This score may exceed 5.</p>
Condition	This factor takes into consideration body condition, rust, interior condition, accident history, anticipated repairs, etc. A scale of 1 to 5 points is used with 5 being Poor Condition. See Exhibit D for guidelines to score condition.

The table below indicates the list of vehicles to be replaced. These vehicles will be purchased using the BuyBoard purchasing cooperative.

Department	Unit Replaced	Description	Cost
Hidden Creek Golf Course	1505	Fairway Mower	\$ 24,500.00
	1510	Fairway Mower	\$ 24,500.00
<b>TOTAL</b>			<b>\$ 49,000.00</b>

The above referenced fairway mowers are believed to be at least 14 years old and have reached the end of their life cycle. Based upon financial analysis, continued repair and maintenance is more costly than replacement. Further, the equipment reliability has deteriorated substantially. This lack of reliability has caused a significant challenge for staff to adequately maintain golf course fairways. Unit 1505 is currently out of service due to transmission failure; repair is more costly than the value of the mower. Additionally, replacement parts for these Jacobsen brand mowers are very hard to find as Jacobsen is currently experiencing financial difficulties.

The City typically purchases new equipment when replacing aged equipment. However, financial constraints paired with the urgency of equipment replacement need requires a flexible approach in this case. Staff has located two 2015 model refurbished John Deere fairway mowers at a substantial cost reduction when compared to new mowers (\$62,705 each). One mower has 1,043 hours of usage while the other has 1,125 hours. Equipment Services staff has inspected the refurbished mowers and believes them to be in excellent condition relative to their age and usage. While staff understands that purchasing refurbished equipment comes with a shorter life cycle, staff recommends the purchase due to the substantial initial cost savings.

#### **OPTIONS:**

- 1) Approve of a minute order for the purchase of replacement vehicles from Austin Turf and Tractor of Marble Falls, TX in the amount of \$49,000.
- 2) Deny of a minute order for the purchase of replacement vehicles from Austin Turf and Tractor of Marble Falls, TX in the amount of \$49,000.

#### **RECOMMENDATION:**

Approve of a minute order for the purchase of replacement vehicles from Austin Turf and Tractor of Marble Falls, TX in the amount of \$49,000.

#### **FISCAL IMPACT:**

**Budgeted Y/N:** Y

**Fund Name:** Golf Fund

**Full Account #s:** 402-8013-521-7403

**Amount:** \$49,000.00

**Project (if applicable):**  
**Financial Considerations:**

**STAFF CONTACT:**

Aaron Russell, P.E.  
Public Works  
[arussell@burlesontx.com](mailto:arussell@burlesontx.com)  
817-426-9837