

Explanation of Vehicle For Town Meeting Article

After the June 17, 2013 Town meeting, it became apparent to me that many people have questions not only about the need for the request but also the process of procurement. Therefore I am going to ask for your patience while I try to explain both of these to you tonight.

What happens in the private sector?

If a private contractor or landscaper has a truck break down and is in need of an extensive repair, before proceeding with the repair he will typically determine if it is cost effective to perform the repair. If it is a new truck he will most likely spend the money on a new motor or transmission because the value of the vehicle justifies the significant investment in repairs. If it is an old vehicle with lots of rust, bald tires and many other mechanical issues, he will probably trade the vehicle or scrap it and purchase a new vehicle rather than spend more in repairs than the vehicle is worth.

What happens in government?

Unfortunately, government is not that flexible and cannot operate in this manner. If I have a critical piece of equipment break down in the middle of winter, I am forced to repair the vehicle. If there is money in the budget for the repair it comes out of the Highway budget otherwise I would go to the administrator and finance committee and ask for a reserve fund transfer. Typically, in this instance, we are forced to repair vehicles even if the investment is not justified from a good business management perspective.

How long does it take to get a new vehicle?

The problem is that there is no way to obtain approval for a new vehicle purchase except through town meeting. In addition, we can not simply go to the local auto dealer and negotiate a price on a vehicle. Government procurement regulations require us to prepare bid specifications, advertise the bid in the central register and then award the contract. After the contract is awarded, it still may anywhere from 4 to 6 months before we accept delivery of the vehicle. This is where it gets real tricky. Because we are

requesting a vehicle that may be a year away, we have to try to time replacement before large repair expenses are incurred. If we had a crystal ball this would be easy but that is not the case.

How costly are repairs?

I mentioned that we have spent over \$33,000 dollars in repairs on a 2000 Chevrolet 1 ton. As Wayne Tack (a member of the Capital improvement committee) stated at the last meeting, we do almost all of the repairs on our vehicles. These costs are much lower than it would cost to outsource a vehicle repair. The typical outsourced repair may cost two to three times this much. The \$33,000 is our direct cost which is what we track in our vehicle maintenance database; the actual total cost is much higher. The bottom line is that when you put off vehicle replacement, the costs do not go away. The costs are just shifted to excessive repair costs which are drawn from other sources. We must stop wasting money in this fashion and make responsible decisions based on economic cost analysis when replacing vehicles. We have already spent more on repairs for this vehicle than the original purchase price of the vehicle. Does this make sense to you? Would you do this with one of your own vehicles? I don't think so.

Do we need this vehicle?

The better question asks "do you need this vehicle to maintain the current level of service". The answer to that question is yes. Unless you are willing to accept a reduced level of service and response to winter storms, we cannot allow our fleet to fall into disrepair and become undependable.

Do we have too much capacity, to many vehicles?

Most towns have their entire crews plowing and supplement them with hired contractors. The surrounding towns average one plow for every 3 to 4 miles of road. We average one plow for every 7 to 8 miles of road. Although this varies depending on the storm, our crews typically have to cover twice as much territory as crews in surrounding towns. In addition, once we are finished with the roads, we do all the public buildings including the schools. Any reductions in manpower or equipment will adversely impact the level of service that we are able to provide. This could mean additional snow days. It could result in longer and more delays or late starts of schools during the

winter. It is also likely to result in an overall degradation of road conditions during winter storms.

I constantly review all of our operations and contract out portions of work that can be done more efficiently by others such as line painting. Winter snow operations do not fall into this category. Our crews can perform this work much more cost effectively than contracted services.

What is the median age for vehicle replacement?

I have done research into municipal fleet management across the country. I have found that city's and town's median age for replacement of DPW vehicles is ten years. This is not done because towns have extra money to waste. It is done because it saves money.

In conclusion, I urge you to support this article. The vehicle is a needed part of our operation. Our vehicles are essential to maintain the roads open to fire trucks, ambulances, and police vehicles. They are just as important as any other first responder's vehicle during winter storms. The need has been reviewed by the Capital Improvement Committee, The Selectboard and the Finance Committee. Replacement of the vehicle is warranted and is economically justified. Please vote in favor of this article.