



## Request for City Council Committee Action From the Department of Public Works

**Date:** September 14, 2010  
**To:** Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee  
**Referral:** Honorable Betsy Hodges, Chair Ways & Means Committee  
**Subject:** **Sale of City of Minneapolis Owned Truck #00121 and Trailer #18240 to the State of Minnesota**

**Recommendation:**

The proper City officials approve the sale of truck #00121 for the amount of \$55,000, and trailer #18240 for the amount of \$35,000 for a total sale price of \$90,000 to the State of Minnesota.

**Previous Directives:**

None

**Prepared by:** Al Thunberg, Fleet Management Specialist, PW Fleet Services Division

**Approved by:**

Steven A. Kotke, P.E., City Engineer, Director of Public Works

**Presenters:** John Scharffbillig, PW Fleet Services Division Director  
Al Thunberg, Fleet Management Specialist, PW Fleet Services Division

**Reviews**

|                                   |          |      |      |       |
|-----------------------------------|----------|------|------|-------|
| Permanent Review Committee (PRC): | Approval | _NA_ | Date | _____ |
| Civil Rights Approval             | Approval | _NA_ | Date | _____ |
| Policy Review Group (PRG):        | Approval | _NA_ | Date | _____ |

**Financial Impact**

Action allows city to avoid \$7,000 to \$8,000 in auction fees

**Community Impact**

Neighborhood Notification: NA  
City Goals: City That Works  
Comprehensive Plan: NA  
Zoning Code: NA

**Background/Supporting Information**

Fleet Services Division (FSD) has dedicated a substantial amount of time in 2010 studying fleet utilization of all City owned vehicles. Many recommendations have been made to reduce the fleet to other departments and divisions and Fleet Services is in the process of reducing Public

works units as well. Public Works currently has two Freightliner trucks that are set up as tractors to haul two low boy trailers. Fleet Services has determined that this inventory can be reduced by one truck and trailer and still meet most operational needs.

The traditional method of sale for excess equipment is auction. The State of Minnesota is in need of this type of truck and trailer and several representatives from the State evaluated the truck and trailer and want to purchase these two units from the City. They have agreed to pay the proposed sale prices.

#### **VEHICLE INFORMATION**

##### **Truck 00121, 2003 Freightliner w/61,600 miles on a 15 yr. life cycle**

|                           |           |
|---------------------------|-----------|
| In service date:          | 6/18/2003 |
| Initial capitalized cost: | \$104,062 |
| Current FSD book value:   | \$52,950  |
| Sale price:               | \$55,000  |

##### **Trailer 18240, 1998 XL 50 ton lowboy on 20 yr. life cycle**

|                           |           |
|---------------------------|-----------|
| In service date:          | 4/14/1998 |
| Initial capitalized cost: | \$60,275  |
| Current FSD book value:   | \$26,739  |
| Sale price:               | \$35,000  |

Total current FSD book value: \$79,689

Total sale price of two units: \$90,000

#### **COMPARABLE MARKET:**

Fleet Services searched on-line for similar units for sale. The comparable trucks found all have more miles on them than the city unit.

|                   |          |
|-------------------|----------|
| 2002 Freightliner | \$49,500 |
| 2005 Freightliner | \$45,000 |
| 2005 Freightliner | \$43,500 |

Fleet Services also found similar type and size trailers for sale on-line but they were built by other manufacturers.

|                   |          |
|-------------------|----------|
| 1999 Rogers       | \$31,000 |
| 1998 Fontaine     | \$32,000 |
| 2003 Eager Beaver | \$29,500 |

#### **COMMISSION SAVINGS**

By selling the truck and trailer directly to the state, the city will be avoiding the typical 8% commission on the sale price. Public Works would have to sell the two units for a total of just under \$98,000 to recover the same \$90,000 in this proposal. Public Works believes that amount is high considering the current market.

#### **PARTNERING WITH STATE**

An additional benefit of selling this equipment to the state is through our partnership with the state, the city will have access to the truck or trailer if our equipment is out of service or we have a short-term increase in equipment hauling needs.

These documents have been reviewed Gary Warnberg and he has approved the sale of the truck and trailer to the State pending City Council's approval.