

## Outsourcing of Operation & Maintenance of Vehicles

Vijayawada Municipal Corporation is presently operating 101 vehicles of various categories which are being used for sanitation, water supply, greenery, road roller, veterinary (dogs and pigs catching), ambulance, mortuary vans, sewer line cleaning, earth moving, electrical ladders and officer vehicles as detailed below

Apart from the above 101, VMC is hiring, vehicles for sanitation, officer vehicles, water supply and greenery purposes. Present status of the vehicles is as below

Sl. No.	Vehicle usage	Owned by VMC	Hiring	Total
1.	Sanitation			
	a) Dumper placers 6MT cap.	8	7	15
	b) Dumper placers 4MT cap.	----	1	1
	c) Eicher tipper	19	---	19
	d) Cargo/ Tata tipper	9	----	9
	e) Tractors	---	5	5
	f) Tillers	2	---	2
	g) Autos			
2.	Drinking water supply			
	a) Tractor tankers	5	2	7
	b) Lorry tanker(12000 ltrs)	1	1	2
3.	Greenery water supply			
	a) Tractor tanker	1	---	1
	b) Tanks mounted on LGVS	2	---	2
	c) Tillers	4	---	4
4.	Road roller	7	----	7
5.	Ambulance	2	---	2
6.	Encroachment Vans	3	---	3

7.	Veterinary	2	---	2
8.	Mortuary Van	2	---	2
9.	Sewer line Cleaning Machines	3	---	3
10.	Earth Moving Machines JCBs	3	---	3
11.	Electrical Ladders on jeep	2	---	3
	On LGV	1	---	
	Officer Vehicles			
	a) Cars	7	---	7
	b) Jeeps	10+1+3	---	14
	c) Maruthi Vans	2	---	2
	d) Mini Vans	2	---	2

Presently VMC is transporting the MSW through a) closed dumper bins and b) Open transportation through tippers. Closed transportation is being done through the dumper placers, which can transport two dumper bins in each trip. VMC is having 300 Nos dumper bins put across the city which covers a part of the city. Garbage generated in the other part of the city is being transported through open tippers / tractors. As per the orders of the Hon'ble Supreme Court, all the ULB's should comply with the MSW 2000 norms, which clearly indicate that the MSW should transport through closed containers to the scientific land fill area / dumping yard.

In compliance to the orders of the Hon'ble Supreme Court, VMC is planning to put another 240 Nos Dumper bins across the city to eliminate the 100% open transportation of garbage.

For transportation of the above 240 Nos, VMC is not having dumper placers, hence it is proposed to hire 11 Nos of dumper placers. Existing tippers which are being used for transportation of garbage will be disposed off keeping some latest road worthy tippers for transportation of silt / debris etc.

Present man power position in the Vehicle Depot is as follows.

- |                           |                     |
|---------------------------|---------------------|
| 1. Permanent drivers – 48 | 4. NMR - 20         |
| 2. Incharge drivers – 24  | 5. Cleaners – 17    |
| 3. PH Drivers – 24        | 6. Depot staff – 35 |
| 7. Ministerial staff – 4  |                     |

Out of the above only 3 qualified mechanics are available to attend the repairs of the vehicles. They are also not having expertise in taking up the repairs of critical assemblies such as hydraulic system, transmission, electrical wiring etc.

Due to the lack of infrastructure facilities and skilled manpower, VMC is outsourcing the major portion of the services from out side agencies along with the spare parts. And also due to shortage of operating manpower, VMC is outsourcing the services of drivers and cleaners. To make vehicle road worthy, VMC is depending upon various agencies which is causing abnormal delay and unable to meet the sanitation needs causing inconvenience to the public. And also VMC is facing labour problem such as strikes etc, causing disturbance to the emergency public service i.e. sanitation, as such the available fleet could not be utilized to their full capacity. For optimum utilization of the vehicles with less cost, providing continuous best services to the public and also to cut down the expenditure, VMC proposed to outsource the Operation and Maintenance of own vehicles for the next 3 years.

During the year 2006 – 07, VMC cost towards the operation and maintenance of the sanitation vehicles is estimated as Rs. 4,09,71,717/- Considering the previous statistics and rise in establishment, repairs and fuel costs there will be steady growth in the cost of O & M of vehicles of 13% - 15%. Hence the O & M cost for sanitation for 2007 – 08 is estimated at Rs. 462,98,040/- and for 2008–09 is estimated at Rs. 523,16,785/- total Rs. 13,95,86,542/- for a period of next 3 years. VMC called tenders for O & M of the sanitation vehicles for which the lowest bidder quoted the following for 3 years.

	1year	2 <sup>nd</sup> year	3 <sup>rd</sup> year	Total
O & M sanitation vehicles	2,69,57,805/-	2,86,26,165/-	3,00,49,975/-	8,56,33,945/-

Initially, VMC estimated the O & M of sanitation vehicles for the first year as Rs. 3,48,70,227.55 (i.e. for 2006 – 07) but based on the actual expenditure of the 1<sup>st</sup> half of the 2006 – 07, the estimate for O & M of sanitation vehicles may gone up to Rs. 4,09,71,717/-.

The proposal for placing work order on the lowest bidder was placed before the Council and its approval is awaited. As the proposal is pending since long time, the lowest bidder came forward to take up the O & M of the 15 Nos Dumper placers at the 1,27,36,675/-for first year, Rs.1,36,43,974/- for 2<sup>nd</sup> year and Rs. 143,35,923/- for 3<sup>rd</sup> year totaling to Rs. 4,07,16,572/- for the 3 years. Based on the actual expenditure incurred for O & M of the 15 dumper placers, the cost for 1<sup>st</sup> year Rs. 1,78,27,685/- and with enhancement of 13% the cost is estimated as Rs. 201,45,284/- for 2<sup>nd</sup> year and Rs. 227,64,171/- for 3<sup>rd</sup> year totaling to Rs. 6,07,27,140/- for a period of three years. Comparing the above, VMC can save Rs. 2,00,10,568/- for over a period of 3 years by outsourcing the O & M of dumper placers.

A part from the above, VMC is Operating 19 Nos Cargo / Tata tippers of 1990- 96 model and 9 Nos cargo tippers of 1995 – 97 model vehicles for open transportation of garbage. As per the MSW 2000 norms, VMC need to stop these vehicles for transport of garbage. Hence by putting additional Dumper bins, VMC proposed to hire 11 Nos Dumper placers for which Council accorded permission for the proposal and recommended for the Government for according administrative approval. Meantime as the tippers are old and getting frequent repairs, VMC decided to auction 9 Nos tippers and in place hiring 9 Nos tractors.

VMC is spending Rs. 3,64,520/-per month towards the operation and maintenance of the 9 Nos tippers, where as hiring 9 Nos Tractors in place of the above at the cost of Rs. 2,60,000/- per month. Hence by hiring the tractors, VMC can save Rs. 1,04,520/- per month and Rs. 12,54,240/ year.

A part from the above, VMC is operating (5 Nos Tractors + 1 No Lorry) 6 Nos water tankers for the supply 2,56,000/- liters drinking water supply at the O & M cost for Rs. 33,19,252/-.

As these vehicles are very old and getting frequent repairs, for providing better services and to cut down the expenditure, VMC proposed to outsource the O & M of these Drinking water supply tankers.

Estimations have been prepared for outsourcing the operation and maintenance of the above 6 tankers for supply of 2,56,000 liters / day as Rs. 21,85,058/-. Comparing with the operation and maintenance by VMC and outsourcing, there is huge savings of Rs. 11,34,194/- by outsourcing the operation and maintenance of water supply tankers.

### **Total savings by Outsourcing**

#### 1. Sanitation Vehicles

a)By Dumper Placers (15 Nos)	66,70,189/year	200,10,567/3years
b)By Hiring Tractors	12,54,240 / year	37,62,720/ 3years

#### 2. By outsourcing the O&M

of water tankers	<u>11,34,194 / year</u>	34,02,582/ 3years
Total Savings	<u>90,58,623 / year</u>	