

ITEM #     //      
 DATE     2/10/09    

**COUNCIL ACTION FORM**

**SUBJECT: FLEET REPLACEMENT PROGRAM – 2 WHEEL LOADERS**

**BACKGROUND:**

Two wheel loaders are scheduled for replacement; one is for Street Maintenance and one is for Resource Recovery. Bids were as follows:

**STREETS MAINTENANCE WHEEL LOADER:**

<u>Bidder</u>	<u>Make / Model</u>	<u>Base Bid</u>	<u>Guaranteed Buy Back</u>	<u>Net Bid</u>
Murphy	John Deere 544K	\$105,000	\$ 65,000	\$ 40,000
Titan	Case 621E	\$108,700	\$ 45,000	\$ 63,700
Ziegler	Cat 924H	\$126,171	\$ 60,000	\$ 66,171
Scott Van Keppel	Volvo L70F	\$150,843	\$ 71,500	\$ 79,343
Rexco	Liebherr L538	\$159,518	NO BID	\$159,518

**Fuel Efficiency Ratings by Bidder:**

<u>Make / Model:</u>	<u>Projected Cost of Fuel</u>
John Deere 544K      3.10 GPH x 5,000 hrs = 15,500 gallons x \$2.50	= \$38,750
Case 621E            1.82 GPH x 5,000 hrs = 9,100 gallons x \$2.50	= \$22,750
Cat 924H             2.75 GPH x 5,000 hrs = 13,750 gallons x \$2.50	= \$34,375
Volvo L70F           2.00 GPH x 5,000 hrs = 10,000 gallons x \$2.50	= \$25,000
Liebherr L538        2.90 GPH x 5,000 hrs = 14,500 gallons x \$2.50	= \$36,250

The "Evaluated Net Low Bid" calculation includes the net low bid, cost of fuel, full machine warranty, and manuals. Using these data points, an Evaluated Net Low Bid can be determined, as shown below:

<u>Bidder</u>	<u>Net Bid</u>	<u>+ Fuel</u>	<u>+ Warranty</u>	<u>+ Manuals</u>	<u>= Evaluated Net Low Bid</u>
Murphy – John Deere	40,000	+38,750	+ 2,086.00	+ 687.00	= \$ 81,523.00
Titan – Case	63,700	+22,750	+ 1,980.00	+ 822.88	= \$ 89,252.88
Ziegler – CAT	66,171	+34,375	+ 1,600.00	+ 600.00	= \$102,746.00
SVK – Volvo	79,343	+25,000	+ 4,500.00	+ 583.00	= \$109,426.00
Rexco – Liebherr	159,518	+36,250	+ 5,500.00	+170.00	= \$201,438.00

The fleet replacement fund will have \$110,002 as of June 2009 for this purchase.

**RESOURCE RECOVERY PLANT WHEEL LOADER:**

<u>Bidder</u>	<u>Make / Model</u>	<u>Base Bid</u>	<u>Guaranteed Buy Back</u>	<u>Net Bid</u>
Murphy	John Deere 624K	\$134,000	\$102,000	\$ 32,000
Scott Van Keppel	Volvo L90F	\$186,227	\$121,047	\$ 65,180
Titan	Case 721E	\$127,750	\$ 60,000	\$ 67,750
Ziegler	Cat IT 38H	\$196,565	\$ 94,000	\$102,565
Rexco	Liebherr L542	\$184,855	NO BID	\$184,855

**Fuel Efficiency Ratings by Bidder:**

<u>Make / Model:</u>		<u>Projected Cost of Fuel</u>
Case 721E	2.12 GPH x 5,000 hrs = 10,600 gallons x \$2.50	= \$26,500
Volvo L90F	3.00 GPH x 5,000 hrs = 15,000 gallons x \$2.50	= \$37,500
Liebherr L542	3.00 GPH x 5,000 hrs = 15,000 gallons x \$2.50	= \$37,500
John Deere 624K	3.20 GPH x 5,000 hrs = 16,000 gallons x \$2.50	= \$40,000
Cat IT 38H	4.00 GPH x 5,000 hrs = 20,000 gallons x \$2.50	= \$50,000

The "Evaluated Net Low Bid" calculation includes the net low bid, cost of fuel, full machine warranty, windshield on curved windshields, and manuals. Using these data points, an Evaluated Net Low Bid can be determined, as shown below:

<u>Bidder</u>	<u>Net Bid</u>	<u>+ Fuel</u>	<u>+ Warranty</u>	<u>+ Manuals</u>	<u>Windshield Guard</u>	<u>Evaluated Net Low Bid</u>
Murphy – John Deere	32,000	+40,000	+ 4,000.00	+ 535.00	NA	= \$ 76,535.00
Titan – Case	67,750	+26,500	+ 1,701.00	+ 741.93	NA	= \$ 96,692.93
SVK – Volvo	65,180	+37,500	+ 4,250.00	+ 559.00	+3,178	= \$110,667.00
Ziegler – CAT	102,565	+50,000	+ 1,100.00	+ 800.00	NA	= \$154,465.00
Rexco – Liebherr	184,855	+37,500	+ 3,200.00	+170.00	+1,950	= \$227,675.00

The fleet replacement fund will have \$168,576 as of August 2009 for this purchase.

**ALTERNATIVES:**

1. Award these bids to Murphy Tractor & Equipment, Altoona, IA, for the low net, evaluated, acceptable bids as follows:
  - A. Purchase one John Deere 544K wheel loader for Street Maintenance for \$105,000 and accept the guaranteed buy-back of \$65,000 after five years;
  - B. Purchase one John Deere 624K wheel loader for Resource Recovery Plant for \$134,000 and accept the guaranteed buy-back of \$102,000 after two years.
2. Award these bids based on the best fuel efficiency ratings only; which would be to purchase a Case 621K for \$108,700 with a buy-back of \$45,000 and purchase a Case 721E for \$127,750 with a buy-back of \$60,000.
3. Reject all bids.

**MANAGER'S RECOMMENDED ACTION:**

The Director of Fleet Services, Public Works Operations Supervisors, and Resource Recovery Supervisor, have determined that the John Deere wheel loaders meet the performance specifications. The fuel efficiency ratings for the John Deere loaders, unfortunately, aren't the lowest of the bids, but they are similar to the machines currently in operation, so they won't significantly increase the fleet sector carbon footprint.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving to award these bids to Murphy Tractor & Equipment, Altoona, IA.