

COUNCIL ACTION FORM

SUBJECT: FLEET REPLACEMENT PROGRAM – PURCHASE OF RUBBER-TIRED WHEEL LOADER FOR RESOURCE RECOVERY PLANT

BACKGROUND:

One of the wheel loaders used at the City’s Resource Recovery Plant is scheduled for replacement in August 2014. Bids for a new wheel loader were solicited with a two year guaranteed buyback provision. The bids received were as follows:

Bidder	Machine	Base Bid	Year	Buy Back After 2 Years	Net Cost
Murphy	JD 624K	\$143,368	2014	\$ (105,000)	\$ 38,368
Ziegler	CAT 938K	Non-Qualifying Bid			

The lowest responsive bid was submitted by Murphy Tractor & Equipment for a John Deere 624K for \$143,368 with a net cost of \$38,368. **The bid submitted by Ziegler did not meet specifications; therefore, that bid could not be considered.** The John Deere 624K has a fuel consumption rate of 2.9 gallons per hour, and will burn an estimated 11,600 gallons of fuel over 2 years of service. The following chart includes fuel costs at an assumed \$3.40 per gallon:

Net Cost with Fuel Consumption				
Bidder	Machine	Net Cost	Fuel cost	Net Cost w/Fuel
Murphy	JD 624K	\$ 38,368	\$ 39,440	\$ 77,808

Resource Recovery has requested purchase of the following options for additional safety and an improved working environment for staff:

- Noise reduction package for cab - \$124
- Stick control steering versus steering wheel - \$2,486
- Cab air filtration package to reduce dust in the cab - \$472
- Larger fuel tank - \$79

The environment where this wheel loader operates at the Resource Recovery Plant is typically loud and dusty with low air quality. The operators of this machine use repetitive motion to steer this machine for several hours at a time. The stick control steering reduces fatigue and improves ergonomics for the operators.

Net Cost with Fuel and Purchase Options				
Bidder	Machine	Net Cost w/Fuel	Options	Net Cost w/ Fuel and Options
Murphy	JD 624K	\$77,808	\$ 3,161	\$ 80,969

The low bid that is being recommended for purchase includes the safety options and the 2 year buyback guarantee from Murphy Tractor & Equipment for the John Deere 624K model wheel loader in the amount of \$146,529, excluding buyback of the wheel loader being replaced.

Base Bid	\$143,368
Options	\$ 3,161
<u>Total Cost</u>	<u>\$146,368</u>
Buy Back	\$105,000
<u>Net Total</u>	<u>\$ 41,529</u>

The new wheel loader is anticipated to be delivered after August 1, 2014. Funds available for the replacement will be \$158,414 by that date.

ALTERNATIVES:

1. Award this contract, as the net evaluated low bid, to Murphy Tractor & Equipment, Altoona, IA, for one John Deere 624K wheel loader, with selected options for \$146,529, and approve the City's option to exercise the buy back guarantee of \$105,000 for the loader after 2 years.
2. Direct staff to analyze bids for other options.
3. Reject bids.

MANAGER'S RECOMMENDED ACTION:

The purchase of this equipment is crucial to the operations of the Resource Recovery Plant. The additional safety features will provide a better working environment for employees of the City.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as described above.