

COUNCIL ACTION FORM

**SUBJECT: FLEET REPLACEMENT PROGRAM – PUBLIC WORKS STREETS
BACKHOE LOADER REPLACEMENT**

BACKGROUND:

In February of this year the Streets Division backhoe loader suffered damage to the rear axle. Quotes to repair the unit were approximately \$20,000. With the unit scheduled for replacement in FY 2016/17 and the large repair estimate, staff explored options for the most cost effective solution. It was determined that the Division could meet its operational objectives with a smaller unit. It was then decided to move forward with purchasing a new smaller unit and selling the damaged unit “as-is.” Bids were received from dealers as follows:

Bidder	Make	Model	Year	Optional Trade-In	Unit Price
Titan Machinery	Case	590 SN	2016	\$16,800	\$108,590
Titan Machinery	Case	590 SN	2016	\$16,800	\$113,600*
Murphy Tractor & Equipment	John Deere	410L	2016	30,000	\$131,000

*The higher price of Titan Machinery’s second bid is due inclusion of an attachment coupler for the buckets. This higher priced attachment is not needed for this equipment

The low bid for the backhoe loader was the Case 590 SN from Titan Machinery, of Des Moines, Iowa, in the amount of \$108,590. There were no offers for a buy back of the machine, but there was an option for a 5-year extended hydraulic and powertrain warranty for the amount of \$4,492.

Funding is available for this purchase from escrow in the amount of \$112,700. With the buy back and extended warranty, the amount needed is \$96,282.

ALTERNATIVES:

1. Approve and award this contract to Titan Machinery of Des Moines, for a Case 560 SN in the amount of \$108,590, the extended hydraulic and powertrain warranty in the amount of \$4,492, and accept the trade-in offer of \$16,800.
2. Reject award of bid.

MANAGER’S RECOMMENDED ACTION:

The Case 590 SN from Titan Machinery meets the City’s needs as specified at the lowest price while still meeting operational needs. Therefore, purchasing this unit will

provide the best and most economical equipment. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as described above.