

**COUNCIL ACTION FORM**

**SUBJECT: FLEET REPLACEMENT PROGRAM – PURCHASE OF RUBBER-TIRED WHEEL LOADER WITH BUCKETS**

**BACKGROUND:**

There are four rubber-tired wheel loaders in the City’s fleet. The loader used by Public Works Street Maintenance division is scheduled for replacement in July 2019. Bids for a new loader with two buckets, one standard and one for salt, were solicited with a request for a guaranteed buy back offer, or guaranteed trade-in offer. The bidders offering a buyback require the City to purchase an extended powertrain and hydraulic warranty as a condition of the buyback.

Bids for this machine were received as follows:

<b>Bidder</b>	<b>Machine</b>	<b>Base Bid (Includes warranty and 2 buckets)</b>	<b>Buy Back or Trade Estimate After 5 Years</b>	<b>Fuel Cost</b>	<b>Net Evaluated Cost</b>
Rueter’s	Hyundai HL940XT	\$152,663.58	\$ (57,000) Trade	\$ 42,000	\$ 137,663.58
<b>Murphy</b>	<b>John Deere 544L</b>	<b>\$165,323</b>	<b>\$ (90,000) Buyback</b>	<b>\$ 50,400</b>	<b>\$ 125,723</b>
Titan	Case 621G	\$162,635	\$ (62,400) Trade	\$ 43,470	\$ 143,705
Titan	Case 621G	\$165,005	\$ (60,400) Trade	\$ 39,060	\$ 143,665
Ziegler	CAT 930M	\$180,245	\$ (70,000) Buyback	\$ 39,900	\$ 150,145

The bid for the wheel loader was evaluated on a net evaluated cost basis. This included the base bid, price of two buckets, warranty, buy back or estimated trade value and estimated fuel cost over the life of the unit. Based on this evaluation Murphy Tractor and Equipment was the low net evaluated cost when using the identified factors.

**Available funding for this acquisition is as follows:**

Accumulated fleet replacement funds available July 1, 2019	\$ 46,084
Operating department funding support in 19/20 budget	10,000
<u>Funds from buy back guarantee for existing unit</u>	<u>115,000</u>
Total	\$171,084

**ALTERNATIVES:**

1. Award this contract, as the net evaluated low bid, to Murphy Tractor and Equipment, Altoona, IA, for one John Deere 544L wheel loader with buckets for \$165,323, and approve the City's option to exercise the buy back guarantee for the loader of \$90,000 after five years.
2. Direct staff to analyze bids for other options.
3. Award this contract to one of the other bidders.
4. Reject bids.

**MANAGER'S RECOMMENDED ACTION:**

The purchase of this piece of equipment is crucial to the operations of the Street Maintenance division of the Public Works Department, and the unit provides the best net evaluated cost for the department.

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