

ITEM #: 13
DATE: 12-12-23
DEPT: Fleet

COUNCIL ACTION FORM

SUBJECT: FLEET REPLACEMENT PROGRAM - WHEEL LOADER FOR PUBLIC WORKS STREETS DIVISION

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 2024. Bids for a new loader, with bucket, were solicited with a request for a guaranteed buyback offer. The bidders offering a buyback require the City to purchase an extended powertrain and hydraulic warranty as a condition of the buyback. The bidders offering to buy back the machine 5 years from the date of purchase will receive a bid credit in the evaluation process. The credit amount is equal to the vendor's buyback offer, less 35% of the base bid amount. This 35% threshold is what staff believes it can receive if the equipment was sold at auction rather than bought back by the vendor; therefore, buyback offers that exceed 35% of the bid price represent a better value to the City.

Bids for this machine were received and evaluated as follows:

Bidder	Machine	Base Bid	Warranty 5-Yr.	5-yr. Buyback Credit	Fuel Cost Over 5 years	Net Evaluated Cost
Titan Machinery of Des Moines	Case 621G-2-XR	\$213,000	\$6,463	(\$12,780)	\$35,000	\$241,683
Housby Heavy Equipment of Ankeny Iowa	Volvo L70H - LB	\$229,900	\$9,750	(\$4,535)	\$35,000	\$270,115
Murphy Tractor of Des Moines	John Deere 544P	\$241,176	\$7,685	(\$9,226)	\$38,500	\$278,135
Murphy Tractor - Alternate Bid	John Deere 544L	\$203,868	\$5,951	\$0	\$38,500	\$248,319

RTL Equipment of Des Moines also provided pricing for machines. RTL Equipment's bids were non-responsive/incomplete, and not acceptable as presented.

City staff evaluated all bids received to determine the wheel loader with the net low cost. This net low cost included the base bid, warranty, buy back credit, and estimated fuel cost over the life of the unit. **Based on this evaluation Titan Machinery of Des Moines provided the net low cost of \$241,683.**

Titan Machinery's low bid of \$213,000 is acceptable and meets the minimum specification required by the City for this equipment. The price for Titan Machinery's Case 621G-2-XR Wheel Loader with purchase of the Comprehensive 5-year Warranty for \$6,463 is a total purchase price of \$219,463. Titan

Machinery's buyback offer of \$87,330 for the machine in 5 years is acceptable. City staff recommends approving the option for the City to exercise the the buyback guarantee in 5 years.

Available funding for this acquisition is as follows:

Accumulated fleet replacement funds available July 1, 2024	\$93,413
Operating department undesignated equipment funds	43,000
<u>Funds from Murphy Tractor for buyback of the City's existing loader</u>	<u>90,000</u>
Total	\$226,413

ALTERNATIVES:

1.
 - a. Award this contract, as the net evaluated low bid, to Titan Machinery of Des Moines, IA, for one 2024 Case 621G-2-XR Wheel Loader for \$213,000
 - b. Purchase the Comprehensive 5-year Warranty for \$6,463 for a total cost of \$219,463
 - c. Approve the City's option to exercise Titan Machinery's buy back guarantee for the loader of \$87,330 after five years.
2. Approve one of the other bids.
3. Direct staff to analyze bids for other options.
4. Reject bids at this time.

CITY 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. All four bids were in excess of of the budgeted replacement funds for this piece of equipment. Fortunately, there are sufficient funds in the undesignated balance in the department's fleet replacement account to allow for this transaction to proceed. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as described above.