



# City of Grand Island

Tuesday, November 8, 2016

Council Session

## Item G-12

**#2016-275 - Approving Skid Steer Buy-Back for Streets Division**

Staff Contact: John Collins, P.E. - Public Works Director

# Council Agenda Memo

**From:** Shannon Callahan, Street Superintendent

**Meeting:** November 8, 2016

**Subject:** Approving Skid Steer Buy-Back for Streets Division

**Presenter(s):** John Collins PE, Public Works Director

## Background

The Streets Division currently owns two skid steers; one compact track loader and one rubber tire skid steer. The compact track loader is a front line machine for the Streets Division's concrete repair crew that is primarily used for concrete removal (sawing, hammering, and excavating). The tracks on the machine make it ideal for cleaning detention cells and performing dirt work during the winter months. This unit has a number of attachments that allow it to be used for other functions like loading trees and mowing. It is one of the most versatile and heavily used pieces of equipment that is owned by the Streets Division.

The rubber tire skid steer is used mainly for asphalt roadway patching. The equipment clears and loads millings from sections of roadway in preparation for new hot-mix asphalt.

In November of 2014, the City Council approved the purchase of a new compact track loader and future participation in a buyback program with Central Nebraska Bobcat of Grand Island, NE. The Buyback program gives the City an opportunity to own a new machine, at minimal cost, each year lowering the risk of down time for a key piece of equipment and reducing equipment maintenance costs. The details of the approved buyback program are attached.



*Examples of Compact Track Loaders*

This year the Streets Division is proposing upgrading the rubber tire skid steer to a compact track loader. There are two reasons for this change in equipment specifications. First, the rubber tire skid steer is used by the Asphalt crew the majority of the time and this past summer we had several issues with the tires on the new asphalt patches, either the tires were popping (causes crew downtime) or marring the asphalt – a track machine will alleviate these issues.

Secondly, the use of two track machines in the winter is more efficient for cleaning and mowing detention cells. Last winter \$2,500 was spent for rental of an additional compact track loader to assist this winter work but the upgrade would eliminate the need for a rental machine. Typically a compact track loader rental is one month or 50 hours, which ever happens first. This is an average cost of \$50/hour compared to the cost on our machine at \$11/hour.

### Discussion

Skid Steer A – Compact Track Loader trading for same:

The purchase price of a new compact track loader is \$49,190.67 with an estimated trade-in value of \$43,330.31 for the old unit; net purchase price for the new compact track loader would be \$5,860.36. This price is based on 450 hours of use on the current compact track loader which may vary slightly at time of delivery. The breakdown calculation of cost based on the buyback program is below.

<b>T650 T4 Bobcat Compact Track Loader</b>	
<b>Cost of Use</b>	
\$11/HR @ 450 HRS	\$4,950.00
New Machine Price Increase	\$910.36
<b>Net Purchase Price</b>	<b>\$5,860.36</b>

Skid Steer B – Rubber Tire Skid Steer trading for Compact Track Loader:

The purchase price of a new compact track loader is \$45,326.58 with an estimated trade-in value of \$31,694.12 for the old unit; net purchase price for the new compact track loader would be \$13,632.46. This price is based on 250 hours of use on the current skid steer which may vary slightly at time of delivery. The breakdown calculation of cost based on the buyback program is below.

<b>S570 T4 Bobcat Skid Steer Loader</b>	
<b>Cost of Use</b>	
\$8/HR @ 250 HRS	\$2,000.00
Upgraded, New Machine Price Increase	\$11,632.46
<b>Net Purchase Price</b>	<b>\$13,632.46</b>

The Skid Steer B cost for a new machine price increase will be significantly less next year and our trade-in will have a higher value. The above price breakdown reflects the cost to upgrade to a skid steer with tracks.

Public Works staff is recommending the participation in Bobcat's buyback program and the purchase of One (1) New Compact Track Loader for \$49,190.67 with a trade-in value of \$43,330.31 for a net purchase price of \$5,860.36 and One (1) New Compact Track Loader for \$45,326.58 with a trade-in value of \$31,694.12 for a net purchase price of \$13,632.46.

### **Alternatives**

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

### **Recommendation**

City Administration recommends that the Council approve the participation in Bobcat's buyback program and the purchase of One (1) New Compact Track Loader for \$49,190.67 with a trade-in value of \$43,330.31 for a net purchase price of \$5,860.36 and One (1) New Compact Track Loader for \$45,326.58 with a trade-in value of \$31,694.12 for a net purchase price of \$13,632.46.

### **Sample Motion**

Move to approve the participation in Bobcat's buyback program and the purchase of One (1) New Compact Track Loader for \$49,190.67 with a trade-in value of \$43,330.31 for a net purchase price of \$5,860.36 and One (1) New Compact Track Loader for \$45,326.58 with a trade-in value of \$31,694.12 for a net purchase price of \$13,632.46.

RESOLUTION 2016-275

WHEREAS, the City of Grand Island City Council approved participation in a buyback program with Central Nebraska Bobcat of Grand Island, NE in November of 2014; and

WHEREAS, Central Nebraska Bobcat quoted a price for purchasing a new T650 T4 compact track loader for \$49,190.67 with a trade-in value of \$43,330.31 for a net purchase price of \$5,860.36; and

WHEREAS, Central Nebraska Bobcat quoted a price for purchasing a new T570 T4 compact track loader for \$45,326.58 with a trade-in value of \$31,694.12 for a net purchase price of \$13,632.46.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the purchase of new T650 T4 compact track loader for \$49,190.67 with a trade-in value of \$43,330.31 for a net purchase price of \$5,860.36 and the purchase of a new T570 T4 compact track loader for \$45,326.58 with a trade-in value of \$31,694.12 for a net purchase price of \$13,632.46 from Central Nebraska Bobcat of Grand Island, NE is approved.

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Adopted by the City Council of the City of Grand Island, Nebraska, November 8, 2016.

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Jeremy L. Jensen, Mayor

Attest:

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RaNae Edwards, City Clerk

Approved as to Form	☐ _____
November 4, 2016	☐ City Attorney