



City of Grand Island

Tuesday, November 25, 2014

Council Session

Item G-10

#2014-353 - Approving Purchase of (1) Four-Wheel Drive Skid Steer Loader for the Street Division of the Public Works Department

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

Council Agenda Memo

From: Shannon Callahan, Street Superintendent

Meeting: November 25, 2014

Subject: Approving Purchase and Participation in Buy-Back Program for One (1) Four-Wheel Drive Skid Steer Loader

Item #'s: G-10

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

Background

The four-wheel drive skid steer is used for a quartile 1 program, asphalt roadway patching. The equipment clears and loads millings from sections of roadway in preparation for new hot-mix asphalt. The 2008 Bobcat S-150 has approximately 1,600 hours and is scheduled for replacement in 2015.

The Streets Division has a similar piece of equipment used by the concrete crew that has been part of a buy-back program since 2008. Buy-back programs give the opportunity to receive a new machine at minimal cost each year which lowers the risk of down time of a key piece of equipment and reduces maintenance costs. A buy back/re-purchase program proposal was requested as part of the bid for the skid steer loader to determine if participation would be financially beneficial.



Examples of Skid Steer Loaders

Discussion

Bid request was advertised on October 23, 2014 and mailed to six (6) potential bidders. A proposal of offered Buy Back/Re-Purchase Program(s) was requested as part of the bid submittal.

Two (2) bids were received on November 13, 2014 and are summarized below:

Bidder	Central Nebraska Bobcat	NMC Inc.
Make	Bobcat	CAT
Model	S570	242D
Year	2015	2014
Base Price	\$32,340.33	\$41,150.00
Trade-In Value	\$12,376.33	\$10,000.00
Total Bid (Base - Trade)	\$19,964.00	\$31,150.00
Delivery Lead Time	45 to 60 days	18 weeks
Buy Back/Re-Purchase Program details attached	Skid Steer Loader Buy-Back/ Re-Purchase Program (Attachment 1)	Governmental Down Payment Lease for Skid Steer (Attachment 2)

Details and 5-year cost comparison calculations for the Buy Back/Re-Purchase programs are shown below:

Bidder	Central Nebraska Bobcat	NMC Inc.
Down Payment	None (but requires initial purchase)	\$5,500 for 250 hours
Cost/Hour	\$6.00	\$10.00 for hours over initial 250
Avg. Hours/Year	250	250
Approx. Annual Cost	\$1,500	\$3,000
5-Year Cost Calculation		
Initial Purchase	\$19,964	\$0
2015-2016	\$1,500	\$3,000
2016-2017	\$1,500	\$3,000
2017-2018	\$1,500	\$3,000
2018-2019	\$1,500	\$3,000
2019-2020	\$1,500	\$3,000
Total	\$27,464	\$15,000

An average of 250 hours is placed on the compact track loader each year. Using this average usage, the approximate yearly Buy Back participation cost with Central Nebraska Bobcat would be \$1,500 and the approximate yearly Lease Program participation with NMC Inc. would be \$3,000.

Participation in either program is cost beneficial to the City since the annual cost is less than that of depreciation on a new machine. The five-year cost for the Bobcat re-purchase program is higher than the leasing program presented by CAT but another factor is ownership. Using the CAT leasing program the City would not have ownership of the unit unless the decision was made to purchase it outright at the end of the leasing term.

The skid steer loader is a front-line machine and without it the asphalt crew would be negatively affected. If operating budget would need to be reduced in the future this item would be a large capital expense at that time. The benefit to making the purchase now is the unit would be owned by the City regardless of future funding for capital equipment and operating budgets.

Public Works staff is recommending the purchase of a 2015 Bobcat S570 from Central Nebraska Bobcat of Grand Island, NE for a net price of \$19,964 and future participation in the Buy Back/Re-Purchasing program offered by said vendor.

The details of the re-purchase including any price increases will be presented to council each year for approval.

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 purchase of One (1) Four-Wheel Drive Skid Steer Loader from Central Nebraska Bobcat of Grand Island, NE for the net price of \$19,964 and future participation in the Buy Back/Re-Purchase Program from said vendor.

Sample Motion

Motion to approve the purchase of One (1) Four-Wheel Drive Skid Steer Loader from Central Nebraska Bobcat of Grand Island, NE for the net price of \$19,964 and future participation in the Buy Back/Re-Purchase Program from said vendor.



Stacy Nonhof, Purchasing Agent

*Working Together for a
Better Tomorrow, Today*

BID OPENING

BID OPENING DATE: November 13, 2014 at 2:15 p.m.

FOR: (1) Four-Wheel Drive Skid Steer & (1) Compact Track Loader

DEPARTMENT: Public Works

ESTIMATE: \$31,000.00 Four-Wheel Drive Skid Steer
\$50,000.00 Compact Track Loader

FUND/ACCOUNT: 10033501-85615

PUBLICATION DATE: October 23, 2014

NO. POTENTIAL BIDDERS: 6

SUMMARY

Bidder: Central Nebraska Bobcat
Grand Island, NE

Bid Security: Cashier's Check

Exceptions: None

(1) Four-Wheel Drive Skid Steer Loader	(1) Compact Track Loader
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Make:	Bobcat	Bobcat
Model:	S570	T650
Year:	2015	2015
Bid Price:	\$32,340.33	\$47,498.03
Trade-In:	<u>\$12,376.33</u>	<u>\$38,998.03</u>
Total Bid:	\$19,928.00	\$ 8,500.00

Buy-Back/Re-Purchase Program: Yes

Bidder: NMC, Inc.
Doniphan, NE
Bid Security: Travelers Casualty & Surety Co.
Exceptions: Noted

(1) Four-Wheel Drive Skid Steer Loader

(1) Compact Track Loader

Make:	CAT	CAT
Model:	242D	289D
Year:	2014	2014

Bid Price:	\$41,150.00	\$64,600.00
Trade-In:	<u>\$10,000.0</u>	<u>\$30,000.00</u>
Total Bid:	\$31,150.00	\$34,600.00

Buy-Back/Re-Purchase Program: Yes

cc: John Collins, Public Works Director
Mary Lou Brown, City Administrator
Stacy Nonhoff, Purchasing Agent

Catrina DeLosh, PW Admin. Assist.
Jaye Monter, Finance Director
Shannon Callahan, Street Supt.

P1778



Central Nebraska Bobcat

3809 Westgate Rd. Grand Island, NE 68803 308-384-9222

2634 Hwy 30 East, Kearney, NE 68847 308-236-6003

South Central Bobcat 2411 Osborne DR East Hastings, NE 68901 402-462-5332

SKID STEER LOADER BUY-BACK/RE-PURCHASE PROGRAM

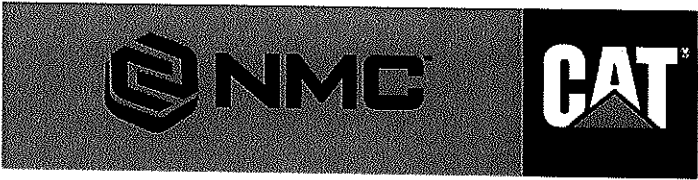
Central Nebraska Bobcat offers a re-purchase program with the following stipulations.

The initial purchase must participate in Bobcat's Municipal Discount program and each year the re-purchase must qualify for the Municipal Discount program.

Yearly the equipment purchased must be traded for a new machine with the same options as the trade. The traded machine must be in good condition with normal wear and tear expected. There should be no extensive damage needing repaired or the machine will not qualify for the re-purchase program. Upon meeting these requirements the machine will be traded with the new machine at a cost to the customer of \$6.00 per hour on the traded machine if the tires and wheels of the traded machine are kept for the new machine plus any price increases, or \$8.00 per hour on the traded machine if new tires and wheels are requested plus any price increases.

We will honor this re-purchase agreement as long as all equipment qualifies for the Municipal Discount Program offered by Bobcat.

Charlie Rudeen
10501 S US Hwy 281
Doniphan, NE 68832
402-865-6414
Fax 402-865-6833
Cell 402-679-3611



November 13, 2014

Governmental Down Payment Lease For Caterpillar Skid Steer Loader

The purpose of this agreement is to provide governmental agencies with new Caterpillar skid steer loaders and to free up monies from its operating budget for additional acquisitions of other capital goods.

All are subject to credit approval through Cat Financial.

Residual to be set at the beginning of each contract and customer can choose to purchase the contract outright.

Customer will receive no equity share in the machine unless customer decides to exercise their right to purchase the unit by paying the residual balance of the lease.

Payments to be set as a not to exceed hours limitation. Any hours over the set agreement will be charged back to the customer at a rate of \$10.00 per hour.

NMC to be responsible for the following:

1. Provide new model unit at agreed upon time for delivery.
2. Changing of tires and wheels from take back unit to new unit as machines are changed out at 12 month.
3. Will perform any necessary warranty repairs.
4. In the event that a warranty repair should take over 4 hours to complete NMC will provide a loaner machine.
5. Will guarantee the purchase of the lease if the customer chooses to not purchase the unit for the residual balance.
6. Will provide for a fee any repair not deemed a warranty repair ie: normal maintenance items or customer damage that exceeds normal wear and tear.

Customer to be responsible for the following:

1. Down payment to NMC for agreed upon amount. **(\$3,000)**
2. Tire repair or replacement.
3. All maintenance or wear items as stated in the owning and operating manual.
4. All insurance requirements set by Cat Financial.
5. Make the machine available to NMC for any and all warranty repairs.
6. Make the machine available to NMC for pick up when residual balance of the lease becomes due in the event that the customer chooses to not purchase out the lease.

Customer

NMC Representative

RESOLUTION 2014-353

WHEREAS, the City of Grand Island invited sealed bids for One (1) Four-Wheel Drive Skid Steer Loader for the Streets Division of the Public Works Department; according to specifications on file with the Public Works Department; and

WHEREAS, on November 13, 2014 bids were received and opened; and

WHEREAS, Central Nebraska Bobcat of Grand Island, Nebraska submitted a bid in accordance with the terms of the advertisement of bids and specifications and all other statutory requirements contained therein, such bid being in the amount of \$32,340.33 with a trade-in value of \$12,376.33 for a net price of \$19,964.00; and

WHEREAS, Central Nebraska Bobcat of Grand Island, Nebraska also submitted a proposal for a Buy Back/Re-Purchase program for the compact track loader; and

WHEREAS, Central Nebraska Bobcat's bid and buy back/re-purchase program proposal are fair and reasonable for such item.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that a purchase order and subsequent payment is authorized for the four-wheel drive skid steer loader purchase from Central Nebraska Bobcat of Grand Island, Nebraska and future participation in the Track Loader Buy Back/Re-Purchase program is hereby approved.

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Adopted by the City Council of the City of Grand Island, Nebraska, November 25, 2014.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
November 21, 20142	☐ City Attorney