



City of Grand Island

Tuesday, October 28, 2003

Council Session

Item I1

#2003-316 - Approving Bid Award for a Front End Loader for Solid Waste Division of the Public Works Department

The Solid Waste Division of the Public Works Department Advertised for bids for a 2004 Model 29,250-pound Four-Wheel Drive Loader. We found there was a need for a loader of a high lift design to replace the Solid Waste Divisions five-year-old loader. Bids were opened on October 9, 2003.

Discussion

Three local vendors provided bids for the replacement loader. Two of the vendors bid HIGH LIFT design loaders that had a lift arm clearance at maximum lift of at least 12'6" and were able to provide the complete warranty package. Nebraska Machinery was the only vendor that matched all of the required bid specifications.

<i>Vender</i>	<i>Exceptions</i>	<i>Bid Security</i>	<i>Net Bid Price</i>
<i>Fairbanks International Inc. (New Holland) \$71,800.00 Grand Island, NE 68803</i>	<i>5 exceptions</i>		<i>Universal Underwriters</i>
<i>Nebraska Machinery Co. (Caterpillar) \$117,891.00 Doniphan, NE 68832</i>	<i>No exceptions</i>		<i>Fidelity & Deposit Co.</i>
<i>Murphy Tractor and Equipment Co. \$123,000.00 (John Deere) Grand Island, NE 68803</i>	<i>2 exceptions</i>		<i>Merchants Bonding Co.</i>

List of Exceptions

- Fairbanks International: Warranty, Demonstration of equipment non-available at present, Wheels and tires, Lift arm clearance, and No buy back agreement.*
- Nebraska Machinery: No exceptions*
- Murphy Tractor and Equipment: Wheels and tires and No buy Back Agreement.*

All three loaders have four forward gears and three reverse gears. The specifications had called for four gears in each direction, however due to OSHA requirements, industry

standards have changed to what each manufacturer bid.

Recommendation

Staff recommends that council pass a resolution awarding the bid to the Nebraska Machinery Co. for one Caterpillar 938G series II High Lift Four Wheel Drive loader in the amount of \$117,891.00.

Financial Implications

There are sufficient funds in account # 50530040-85615, Solid Waste Division Capital Expenditures- Machinery and Equipment to purchase this equipment.

Alternatives

Award the bid to a different vendor or reject all bids.

Staff Contact: Steven P. Riehle, Public Works Director/City Eng



Dale M. Shotkoski, Assistant City Attorney

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Better Tomorrow, Today*

BID OPENING

BID OPENING DATE: October 9, 2003 at 11:00 a.m.
FOR: (1) 29,250 lb. Four Wheel Drive Loader
DEPARTMENT: Public Works
ENGINEER'S ESTIMATE: \$210,000.00
FUND/ACCOUNT: 50530040-85615
PUBLICATION DATE: September 23, 2003
NO. POTENTIAL BIDDERS: 7

SUMMARY

Bidder:	<u>Fairbanks International, Inc.</u> Grand Island, NE	<u>Murphy Tractor & Equipment Co.</u> Grand Island, NE
Bid Security:	Universal Underwriters Inc.	Merchants Bonding Co.
Exceptions:	Noted	Noted
Bid Price:	\$146,800.00	\$171,000.00
Trade-In:	<u>75,000.00</u>	<u>48,000.00</u>
Net Bid:	\$ 71,800.00	\$123,000.00
Bidder:	<u>Nebraska Machinery Company</u> Grand Island, NE	
Bid Security:	Fidelity & Deposit Co.	
Exceptions:	None	
Bid Price:	\$182,891.00	
Trade-In:	<u>65,000.00</u>	
Net Bid:	\$117,891.00	

Evaluation of 4 Wheel Drive Wheel Loaders

New Holland Loader offered by Fairbanks Equipment Exceptions

Wheels and Tires:

There are two loaders at the Transfer Station, one of the loaders is to work inside the Transfer Station and the other loader is used for the outside work. The environment in the Transfer Station is so harsh (nails and debris) that there is one set of tires which is foam filled for use in the Transfer Station and the other set of tires are air filled for outside work. The tires are exchanged between loaders when the loaders are switched from inside the transfer station to outside for an extended period of time. There is need to be able to switch the wheels and tires between loaders.

Demonstration:

No Demonstration is available for 60 days. The LW170B that is bid is a proto-type and is to tentatively go into production in December or January.

High Lift:

The New Holland LW 170 B loader is not of a high lift design. The lack of a high lift was not listed as an exception in the bid provided by Fairbanks International. Fairbanks International has not demonstrated that the New Holland LW 170 B will clear a height of 12' 6". The height clearance is needed to load the Solid Waste Divisions transfer trailers in an emergency and to regularly load the screener in its normal operating position.

Repurchase Agreement:

Fairbanks International offered no repurchase agreement for the loader that they bid. The New Holland loaders are not a very common so they do not have a very high trade-in or resale value. The Transfer Station being an especially harsh environment would reduce their value even more. The repurchase agreement is a contract to buy back the loader at any time during the four-year period for a set amount of money based on the age or number of hours, but not on the condition of the loader. This is a guarantee of the value of the machine at trade -in time.

Warranty:

Fairbanks International warranty says that the first year of ownership the warranty does not cover a replacement loader if our loader is broken down for over 72hrs. The bid specification states that a replacement would be provided after 36hrs for the length of the warranty. Many times the outside loader is loaned to other Pubic Works Departments such as, Waste Water or Streets and Alleys. The Transfer Station requires a functioning loader at all times that it is open to push up trash and load transfer trailers.

John Deere Loader offered by Murphy Tractor and Equipment Exceptions

Wheels and Tires:

There are two loaders at the Transfer Station, one of the loaders is to work inside the Transfer Station and the other loader is used for the outside work. The environment in the Transfer Station is so harsh (nails and debris) that there is one set of tires which is foam filled for use in the Transfer Station and the other set of tires are air filled for outside work. The tires are exchanged between loaders when the loaders are switched from inside the transfer station to outside for an extended period of time. There is need to be able to switch the wheels and tires between loaders.

Repurchase Agreement

Murphy Tractor and Equipment offered no repurchase agreement for the loader that they bid. The repurchase agreement is a contract to buy back the loader at any time during the four-year period for a set amount of money based on the age or number of hours, but not on the condition of the loader. This is a guarantee of the value of the machine at trade-in time.

4 Wheel Drive Loader Cost Comparison

	New Holland Loader <i>Fairbanks of G.I.</i>	John Deer Loader <i>Murphy Equipment</i>	Caterpillar Loader <i>Nebraska Machinery</i>
Base Bid	\$146,800.00	\$171,000.00	\$182,891.00
Trade-in	\$75,000.00	\$48,000.00	\$65,000.00
* Fuel Consumption (gal/hr)	6.51	5.90	5.50
** Annual Fuel Cost	\$6,379.80	\$5,782.00	\$5,390.00
Four Year Fuel Cost	\$25,519.20	\$23,128.00	\$21,560.00
*** Maintenance Cost	\$0.00	\$0.00	\$0.00
**** Worth in 4 years	\$30,000.00 *****	\$62,000.00	\$74,500.00 Buy Back Ag
Total Cost for Four Years	\$67,319.20	\$84,128.00	\$64,951.00
Cost / year	\$16,829.80	\$21,032.00	\$16,237.75
Cost / hour	\$16.83	\$21.03	\$16.24

* Fuel use data was furnished by the manufacturer.

** Costs are based on equipment operating a 1000 hrs/ year and \$0.98 / gal. of fuel.

*** Maintenance costs are included in the purchase agreement.

**** No repurchase agreement was given from Murphy Equipment or from Fairbanks Equipment, so Machinery Trader .com was used to determine comparable trade in prices for a four year old John Deere and New Holland.

***** Only one 3.5 year old New Holland LW 170 loader was found on Machinery Trader and it sold for \$57,000.00 and it had a very low number of hours while four year old John Deere and Caterpillar loaders had a greater value with a greater number of hours.

New Holland loaders are not very popular so finding comparable trade-in pricing for a four year old New Holland loader is very difficult.

The \$57,000.00 trade price was reduced by \$27,000.00 (2400 hrs x \$10.00) = \$24,000.00 plus \$3000.00 for the environment it would be run

reement

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f hours (1600)

ing in.

RESOLUTION 2003-316

WHEREAS, the City of Grand Island invited sealed bids for one (1) 29,250 pound Four Wheel Drive Loader, according to plans and specifications on file with the City Engineer; and

WHEREAS, on October 9, 2003, bids were received, opened and reviewed; and

WHEREAS, Nebraska Machinery Co. of Doniphan, Nebraska, submitted a bid in accordance with the terms of the advertisement of bids and plans and specifications and all other statutory requirements contained therein, such bid being in the amount of \$117,891.00; and

WHEREAS, Nebraska Machinery Co.'s bid is less than the estimate for such vehicle.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the bid of Nebraska Machinery Co. of Doniphan, Nebraska, in the amount of \$117,891.00 for one Caterpillar 938G Series II High Lift Four Wheel Drive Loader is hereby approved as the lowest responsible bid.

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Adopted by the City Council of the City of Grand Island, Nebraska, October 28, 2003.

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
October 23, 2003	☐ City Attorney