



## CITY COUNCIL ACTION REPORT

July 24, 2009

TO: John Szerlag, City Manager

FROM: Brian P. Murphy, Assistant City Manager/Economic Development Services  
Susan A. Leirstein, Purchasing Director  
Timothy L. Richnak, Public Works Director

SUBJECT: Standard Purchasing Resolution 4: Award – State of Michigan MiDEAL Program – Lawn & Garden, Commercial and Agricultural Equipment

### Background

- The State of Michigan MiDEAL Program awarded a contract agreement for commercial equipment to the John Deere Company (Contract #071B6200191).
- The Backhoe being purchased is a replacement Backhoe for two that will be auctioned or traded-in.
- Discounts on this equipment are available up to 36% from manufacturer's suggested retail prices.
- JDE Equipment Company has agreed to a trade-in allowance of \$14,700 for the 2000 New Holland and \$14,000 for the 1997 JCB backhoes.

### Financial Considerations

- \$90,000 has been budgeted for this purchase in the Public Works Fleet Division capital account #5657981.

	<u>UNIT COST</u>
(1) John Deere 410J Backhoe	\$91,297.00
<u>Plus: Additional Options</u>	
5year/5,000 hours extended power train/hydraulic warranty	\$ 5,050.00
Dealer Installed Items (stabilizer kit, beacon wiring and hydraulic Accu-swing kit)	\$ 615.00
Less: Trade-In 2000 New Holland 675-E	\$(14,700.00)
<u>Less: Trade-In 1998 JCB 215 Backhoe</u>	<u>\$(14,000.00)</u>
<b>ESTIMATED TOTAL</b>	<b>\$ \$68,262.00</b>

### TRADE-IN

After researching the current market value of our two backhoes for trade-in, the City may be able to benefit by marketing these backhoes through trade publications and websites, thereby increasing the trade-in value of this equipment. If that fails, JDE Equipment Company would extend their offer to trade-in the two backhoes at \$14,700.00 and \$14,000.00 at the time of delivery of the new backhoe.

### Legal Considerations

- There are no legal considerations associated with this item.

July 24, 2009

To: John Szerlag, City Manager

Re: State of Michigan MiDEAL Program – Commercial Equipment

**Policy Considerations**

- The purchase of the backhoe would assure the safety and welfare of citizens and businesses, and also reduce the liability for the City. (Outcome Statement I).
- The backhoe is used on a daily basis to assure proper and proactive Water Division maintenance and repairs to water and sewer mains (Outcome Statement II).

**Options**

- City management and the Public Works Fleet Division recommend awarding a contract to provide one (1) 2009 John Deere 410J Backhoe from JDE Equipment Company, New Hudson, MI, through the State of Michigan MiDEAL program for \$91,297.00, plus additional options (5 year/5,000 hour extended power train/hydraulic warranty) not covered under MiDEAL in the amount of \$5,050.00, and dealer installed items of \$615.00 less trade-ins of \$14,700.00 and \$14,000.00, for an estimated net total cost of \$68,262.00.