

CITY COUNCIL MEMORANDUM

AGENDA ITEM

Authorize Procurement of One (1) Caterpillar Motor Grader through TASB Buy Board

ORIGINATING DEPARTMENT

Public Works / Streets Division

BACKGROUND INFORMATION

Since 2002, the City of Killeen has procured a motor grader and subsequent replacements with a buyback option and guaranteed repurchase price. Most recently, in October 2008 and again in May 2012 (CCM/R 11-189R), City Council approved the motor grader purchase under the same repurchase program through Holt Cat of Waco. The guaranteed repurchase price has been applied as a trade-in allowance where Holt Cat purchases the motor grader back from the City of Killeen, thereby reducing the cost of the replacement motor grader.

This heavy equipment is used by the Street Services Division for many street utility and maintenance programs.

DISCUSSION/CONCLUSION

The City of Killeen is a member of six (6) purchasing cooperatives that are in compliance with Texas Local Government Code Section 271.102. The "Guaranteed Repurchase Program" with Holt Cat is available through the TASB Buy-Board Purchasing Cooperative.

BID	Holt Cat	
Purchase Price (includes extended warranty)		\$266,057.00
Trade-In Allowance	(\$220,000.00)	
Net Purchase Price	\$46,057.00	
Guaranteed Repurchase Price	\$250,000.00 - \$225,000.00 depending on the mileage	

This guaranteed repurchase will be evaluated in three (3) years and reconsidered for the buyback option.

FISCAL IMPACT

Funds for this purchase will be available in the FY14-15, Street Services Division expenditure account number 010-3445-434.61-35 Equipment, in the amount of \$266,057.00 following a credit of \$220,000.00 to the Sale of Property account number 010-0000-363-99-30, which results in a net fiscal impact of \$46,057.00 (purchase price less trade-in allowance).

RECOMMENDATION

City staff recommends that City Council approve the procurement of one (1) motor grader from Holt Cat of Waco through the TASB Buy-Board purchasing cooperative for the net purchase price of \$46,057.00, and that the City Manager or designee be expressly authorized to execute any and all change orders within the amount set by state and local law.