



STAFF REPORT

DATE: June 5, 2018

TO: Ronald L. Olson, City Manager

FROM: Jonathan Locke, Executive Director of Finance

SUBJECT: Procurement of a Motor Grader for the Street Operations Division

BACKGROUND AND FINDINGS:

Since 2002, the City of Killeen has procured a motor grader and subsequent replacements with a three-year guaranteed buyback/repurchase price. The guaranteed buyback funds have then been applied towards the purchase of the replacement motor grader at the end of the three-year term. This heavy equipment is used by the Street Operations Division for many street, utility and maintenance programs.

THE ALTERNATIVES CONSIDERED:

- 1.) Renting is not practical because there must be a motor grader available most all of the time for periodic use. Rental cost for the motor grader would average \$6,900/month plus delivery and pickup.
- 2.) Leasing of a comparable motor grader would cost \$2,815.63 per month.
- 3.) Purchase the motor grader for \$267,624.57 with the three-year guaranteed buyback/repurchase price of \$209,700.00, resulting in a net cost of \$57,924.57 or \$1,609.02/month.

Which alternative is recommended? Why?

Staff recommends Option 3, because it offers the best value.

CONFORMITY TO CITY POLICY:

The City of Killeen is a member of several purchasing cooperatives that are in compliance with Texas Local Government Code section 271.102. Purchases made through a cooperative satisfy competitive bid requirements. Quotes were solicited from four cooperative participating vendors resulting in two complete quotes, one partial and one no-quote. RDO Equipment Co. supplied the quote representing the best value for the City considering price & serviceability.

FINANCIAL IMPACT:

Cooperative quotes received:

Vender	Model	Co-op	Cost	Buyback	Net Cost
RDO Equip.	John Deere 770GP	BuyBoard	\$267,624.57	\$209,700.00	\$57,924.57
Holt CAT	Caterpillar 140M3	NJPA	\$263,500.00	\$195,000.00	\$68,500.00
WPI	Komatsu GD655-6	BuyBoard	\$341,650.00	NA	NA

What is the amount of the expenditure in the current fiscal year? For future years?

Purchase price of \$267,624.57 minus \$250,000.00 received from buyback of previous motor grader = \$17,624.57 expenditure this fiscal year. There are no future costs for this equipment.

Is this a one-time or recurring expenditure?

This is a one-time expenditure.

Is this expenditure budgeted? If not, where will the money come from?

Funds will be available in account number 601-3445-434.61-35 following the mid-year budget amendment.

Is there a sufficient amount in the budgeted line-item for this expenditure?

Funds will be available in account number 601-3445-434.61-35 following the mid-year budget amendment.

RECOMMENDATION:

Staff recommends that City Council approve the purchase of the motor grader from RDO Equipment Company utilizing the Texas Association of School Boards (TASB) BuyBoard Purchasing Cooperative for \$267,624.57, and that the City Manager or designee be expressly authorized to execute any and all change orders within the amounts set by state and local law.

DEPARTMENTAL CLEARANCES:

Public Works
Purchasing
Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Quotes
Certificate of Interested Parties

