



City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS

1000 Rochester Hills Dr.
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Legislative File No: 2015-0084

TO: Mayor and City Council Members
FROM: Allan E. Schneck, P.E., Director of Public Services
DATE: March 16, 2015
SUBJECT: Backhoe Replacement

REQUEST:

City Council is requested to authorize the purchase of one (1) new John Deere 410L Backhoe utilizing the State of Michigan MiDeal Extended Purchase program in the amount of \$117,092.00 to AIS Construction Equipment Corporation, New Hudson, Michigan.

REASON FOR PURCHASE:

The City purchases John Deere equipment through the State of Michigan MiDeal Extended Purchase Program, as it is the best pricing that can be offered to local units of government for John Deere Equipment. Equipment purchased through this program is at a cost significantly lower than retail and the City's recent market research supports this. The discount received by utilizing the State of Michigan contract for the 410L Backhoe is 37%.

To verify that the John Deere 410L purchased through MiDeal is competitively priced and the best value for the City, Fleet Services requested pricing on a CAT 430F (a similar sized Caterpillar machine) from Michigan CAT utilizing a national purchasing cooperative contract through National IPA. CAT's quote was \$113,675.00, \$3,217.00 less than John Deere for the 410L.

To evaluate the functionality of the CAT machine versus that of the John Deere equipment, CAT provided a new 430F machine for City personnel to use for five (5) days. Three (3) of the City's most experienced equipment operators evaluated the machine's performance and ergonomics. All three (3) operators agreed that the John Deere model performed better in regards to its controls and the type of work performed by the City and best meets the City's needs .

In much of the work performed by the City, the operators often are digging close to buried high voltage electrical wires, gas mains, service leads, sewer lines, water pipes and other underground hazards that require the operator to have delicate "feedback" or feel through the backhoe controls. The Deere 410L has manual dual lever controls that the operators are accustomed to and provides excellent feedback. The CAT has excavator style joystick controls that use hydraulic pilot pressure to operate the main valve, and there is significantly less feedback and feel through the controls. The John Deere model also has numerous other advantages over the CAT that make it the best value meeting the City's needs.

This machine will replace 39-71, a 2003 John Deere 410G that was fully depreciated in 2013, and is eligible for replacement. This purchase has been deferred for replacement until now. 39-71 has 6,957 hours on the meter. 39-71 has recently developed a hydraulic oil leak at the backhoe control valve, and is

in need of tire replacement, main hydraulic pump overhaul or replacement, and other minor miscellaneous parts/repairs. Unit 39-71 will be sold at auction after the replacement backhoe is delivered.

Cost for the machine is \$8,042.00 over budget. Tier IV diesel engine emission control package mandated by the EPA for off road equipment, and technological advancements such as standard on-board computerized diagnostics, machine security system, automatic vehicle location, and equipment health prognostics all contribute to increased cost.

DPS water & sewer and roads divisions use backhoes for water taps, water main and service repairs, sewer line maintenance and repairs, manhole and structure repairs, and also for snow plowing operations.

PROCESS:

Vendor Name and Address:

AIS Construction Equipment Corporation
 56555 Pontiac Trail
 New Hudson, MI 48165

Reason for Selection:

Best Value/MiDeal Extended Purchase Program

Method of Purchase:

Purchase Order

BUDGET:

Funding is included in the FY 2015 Adopted Budget.

If approved by City Council, Fiscal shall prepare a 2nd Quarter Budget Amendment for the additional equipment expense, with the source of funding from Fleet Fund Retained Earnings.

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Fleet Equipment Fund	661.977000	Equipment Capitalized	\$109,050.00	\$117,092.00	(\$8,042.00)

RECOMMENDATION:

It is recommended that the Rochester Hills City Council authorize the purchase of one (1) new John Deere 410L Backhoe utilizing the State of Michigan MiDeal Extended Purchase program to AIS Construction Equipment Company, New Hudson, Michigan in the amount of \$117,092.00.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Finance Director		
Purchasing Process: Supervisor of Procurement		

Mayor		
Deputy Clerk		