



**City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS**

**1000 Rochester Hills Dr.
Rochester Hills, MI 48309
248.656.4630
www.rochesterhills.org**

Legislative File No: 2010-0132

TO: Mayor and City Council Members
FROM: Roger Rousse, Director of Public Services, 841-2497
DATE: March 11, 2010
SUBJECT: Wheel Loader

REQUEST:

City Council is requested to authorize the purchase of one (1) new John Deere 544K Wheel Loader utilizing the State of Michigan MiDeal Extended Purchase Program. The Wheel Loader will be purchased through John Deere Company, Cary, North Carolina in the amount of \$136,267.00

REASON FOR PURCHASE:

The City purchases John Deere Equipment through the State of Michigan MiDeal Extended Purchase Program. Equipment purchased through this program is at a cost significantly lower than retail. The discount received by utilizing the State of Michigan contract for the backhoe loader is 29%. The City's current 1995 Loader is fully depreciated and due for scheduled replacement. John Deere Company has agreed to a trade-in-allowance of \$19,000.00 for its current 1995 624G Loader. After researching the current market value of our Loader, the City may have better opportunity to auction this loader and receive a better salvage value. The City will establish a reserve amount on the equipment and if the obligation is not met, John Deere Company has agreed to hold and extend their trade-in offer for the equipment.

This machine is primarily used by the DPS Roads, Water and Sewer Divisions for loading trucks with road salt, road gravel, slag, sand, backfill and other materials. The 1995 JD624G scheduled to be replaced is in need of one (1) new tire, various pins and bushings, steering cylinders need to be rebuilt, and the cab has holes rusted through in numerous areas. The machine has been evaluated for replacement yearly since 2005 and the life cycle has been extended by five (5) years.

PROCESS:

Vendor Name and Address:

John Deere Company
2000 John Deere Run
Cary, NC 27513

Reason for Selection:

Purchased through the State of Michigan MiDeal extended purchase program at a cost significantly lower than retail.

Method of Purchase:

Purchase Order

BUDGET:

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Fleet	661.977000	Equipment Capitalized	\$175,910.00	\$136,267.00	\$39,643.00

RECOMMENDATION:

It is recommended that the Rochester Hills City Council approve a purchase order to John Deere Company, Cary, NC utilizing the State of Michigan MiDeal Extended Purchase Program for one (1) new John Deere 544K Wheel Loader in the amount of \$136,267.00 which does not include the minimum \$19,000.00 trade-in revenue for the City's current 1995 JD 624G Loader.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Finance Director		
Purchasing Process: Supervisor of Procurement		
Mayor		
City Council Liaison		