



City Council Staff Report

AGENDA
ITEM
5

TO: Honorable Mayor and City Council

FROM: Tyson Jackson, Public Works Director
tjackson@pleasantviewcity.com
(801) 827-0453

MEETING DATE: October 13, 2020

SUBJECT: Discussion and possible action on approval of outright purchase of Cat 306 Hydraulic Excavator, 926M Wheel Loader, 420F Backhoe and a commercial grade trailer rather than entering into another 5 year lease option.

RECOMMENDATION

Move to **approve** the expenditure for the outright purchase of the 306 Hydraulic Excavator \$76,000.00, 20' Trail King TKT16U \$13921.00, 936M Wheel Loader \$145,636.41 and the remainder of the Wheeler CAT leased 420F Backhoe \$55,000.

BACKGROUND

The Utilities and Public Works Departments currently leases two 420F backhoes, equipment essential to performing projects within the city but their dual abilities do not fully address our daily work needs. As such, we would like to consider the option of purchasing a Cat 306 Hydraulic Excavator and a Wheel loader, and a 420F backhoe. The leases on both of the 420F backhoes are coming to an end and we would like to replace one with the right equipment and keep one as a backup machine in order to complete our tasks in the most efficient and fiscally responsible manner possible. We are asked to do more and more on the job and therefore we need to have to the right tools for specific, complicated tasks and scenarios. The wheel loader will complete any task currently done with the backhoes in a fraction of the time, the hydraulic excavator will address more specific functions, and the retention of the single 420F will act as a reliable backup for both pieces of equipment. This model will negate the need to enter another five-year lease term, allow us to own our equipment and give us the chance to utilize machinery that makes our job run in a more efficient way. Additionally, the trailer was added as our current tilt decks load capacity will be 5,000 lbs. under the weight of the 306 Hydraulic excavators.

Additionally, leasing these pieces for another term always leaves us with the possibility of the "unknown." We do not have the foresight to know what the future overall health of our city's financial state will be, or more specifically, what the future fleet replacement budget will look like. Therefore, if we were to choose another 5 year lease now, there is always the possibility that, in the future, we may not be able to afford the same quality of machinery. This scenario would force our city to operate subpar machinery that will reduce productivity and lower the quality of finished projects in the future.

By owning our own equipment, we are entitled to make any modifications we need to the machine. Owning also means that we are responsible for all of our own repairs, which could be seen as a negative in certain scenarios, however we have a dedicated mechanic who can make sure that any specific issue is resolved immediately without having to involve a third party. With a lease option, we would still be required to maintain and repair all issues that arise with the equipment, but we would still be doing the work on a machine that we will have to return later—spending precious man-hours fixing something that, in the end, doesn't belong to us and ultimately costs more over all annually to own when resale is accounted.

In the Bids and Budget section below, I will show that although the upfront cost of purchasing these pieces of equipment outright is higher than the initial cost of a lease, we will actually save money in the long run even with the addition of the trailer and functional adds on the equipment by purchasing

BIDS & BUDGET

Consistent with City purchasing policy, equipment will be purchased under the State Bid. Funds have been approved and set aside from multiple Departments for the specific purpose of replacing this essential equipment.

Total Budgeted: \$310,000.00

Total Cost as Quoted: \$290,557.41

926M Wheel Loader Purchase Options

Budgeted: 140,000 15%SW 5%CW 80%ClassC

Outright purchase price: \$145,636.41

$145,636.41 - 110,000.00 = 35,636.41 / 5 \text{ years} = \$7127.28$ annual cost to own

Lease terms:

Hours per Year	Term	Annual Payment	Rate	Optional Buy-Out	Lease Type
500	5 (annual)	\$17,685.29	--	\$89,945.00	Cat Value Option
500	5 (annual)	\$18,649.00	2.49%	\$64,720.00	Governmental

Overall ending cost after 5 year lease:

$(\$17,685.29 \times 5 \text{ years} = \$88,426.45) \times (\text{Rate at } 0\%) + (\text{buy-out amt. of } \$89,945.00) = \$178,371.45.$

Cost difference:

Lease scenario end cost makes the same Wheel Loader \$32,735.04 higher in price than an outright initial price.

306 Hydraulic Excavator Purchase Options

76,000 30%SW 60%CW 5%SS 5%Fleet

Outright purchase price: \$76,000.00

76,000.00-40,000.00 =36,000.00/ 5years = 7,200.00 annual cost to own

Lease terms:

Hours per Year	Term	Annual Payment	Rate	Optional Buy-Out	Lease Type
500	5 (annual)	\$10,030.20	--	\$36,100.00	Cat Value Option
500	5 (annual)	\$10,781.59	2.49%	\$27,600.00	Governmental

Overall ending cost after 5 year lease:

(\$10,030.20x 5 years= \$50,151.00) x (Rate at 0%) + (buy-out amt. of \$36,100) = \$86,251.00

Cost difference:

Lease scenario end cost makes the same Mini Hydraulic Excavator \$10,251.00 higher in price than an outright initial price.

420F Backhoe Purchase Options

100,000 25%SW 25%CW 25%SS 25%Fleet

Remainder purchase price on lease: \$55,000.00

Continuing Lease Options at \$9,600.00 annually x 2= \$19,000.00 annually

Trail King TKT16U

30%SW 60%CW 5%SS 5%Fleet

Outright purchase price: 13,921.00

ATTACHMENT

926M Wheel Loader Purchase Quote

306 Hydraulic Excavator Purchase Quote

420F Backhoe Purchase Buyout

Trail King TKT16U Quote



132791-01

October 8, 2020

PLEASANT VIEW CITY

520 W ELBERTA DR
OGDEN, UT84414-1408

Attention: Tyson Jackson

Tyson Jackson,

Thank you for this opportunity to quote Caterpillar products for your business needs. We are pleased to quote the following for your purchase consideration.

One (1) New Caterpillar Model: 306 C3 TH Hydraulic Excavators with all standard equipment in addition to the additional specifications listed below:

STOCK NUMBER: SERIAL NUMBER: YEAR: 2020

SMU: 3

Thank you for your interest in Wheeler Machinery and Caterpillar products for your business needs. This quotation is valid for 30 days, after which time we reserve the right to re-quote. If there are any questions, please do not hesitate to contact me.

Sincerely,

Trevor Shuman
Machine Sales Representative
tshuman@wheelercat.com
801-209-1882

If the rental equipment described herein is purchased, notice is hereby given that Wheeler Machinery Co. has assigned its rights, but not its obligations, in the sale to CATD Exchange Services, LLC, as part of a like-kind Exchange.

One (1) New Caterpillar Model: 306 C3 TH Hydraulic Excavators with all standard equipment in addition to the additional specifications listed below:

STANDARD EQUIPMENT

POWERTRAIN -CAT C2.4T diesel engine -U.S. EPA tier 4 final -EU stage V -ISO 9249/EEC 80/1270 -Rated net power 41.7 kW - 2,400 rpm - -ISO 9249/EEC 80/1269 -Electronic engine, turbo, DPF (diesel -particulate filter) -Automatic engine idle -Automatic engine shut-off -Automatic swing brake -Automatic two speed travel -Fuel and water separator with indicator -Radial seal air filter, double element -with warning indicator -

UNDERCARRIAGE -Greased and lubricated track -Hydraulic track adjusters -Tie down eyes on track frame -

HYDRAULICS -Smart tech electronic pump -Variable displacement piston pump -Load sensing/flow sharing hydraulics -Power on demand -Hydraulic temperature monitoring -Accumulator certified

ELECTRICAL -90 ampere alternator -650 CCA maintenance free battery -Battery disconnect -Circuit breaker -Ignition key stop switch -Signaling/warning horn -Work lights: --Cab, boom left

OPERATOR ENVIRONMENT -Ergonomic joysticks control levers -Adjustable wrist rests -Pattern changer -Color LCD monitor: -- Fuel level, coolant temp, & warning -indicators -- Maintenance and machine monitoring -- Performance & machine adjustments -- Numeric security code -- Multiple languages -- Hour meter -- Ground level wakeup switch -- Camera ready -Cup holder -Hydraulic lockout for all controls -Literature holder -Molded footrests -Removable washable floor mat -Retractable fluorescent seat belt -Travel control pedals with hand levers -Utility space for mobile phone -Skylight -Mounting bosses for front & top guard -

FLUIDS -Extended life coolant - 37C -Hydro advanced hydraulic oil

OTHER STANDARD EQUIPMENT -Caterpillar corporate "one key" system -Locks on external enclosure doors -Lockable fuel cap -Beacon socket -Ecology drain - engine -Radial seal engine air filter, double -element with restriction indicator -Side by side engine & hydraulic oil -cooler -Stick steer mode -Cruise control mode -Power on demand -Rear reflectors -Roll over protective structure (ROPS) -(ISO 12117-2) -Product link PL243 (regulations apply) -Auxiliary hydraulic lines -- 1-way and 2-way (combined function) -- Auxiliary line quick disconnects -- Adjustable auxiliary flow -- Continuous flow -- Adjustable auxiliary relief -Thumb ready stick -

MACHINE SPECIFICATIONS

306 07A CR MHE CFG14A	579-2613	LIGHTS, STANDARD	522-6498
DRAIN, ECOLOGY	382-8757	SEAT, MECH SUSP, FABRIC	569-7627
BELT, SEAT, 3" RETRACTABLE	510-6085	RADIO	511-6219
ALARM, TRAVEL	511-6170	MONITOR NEXT GEN, CAMERA READY	557-5068
306 07A CR MINI EXCAVATOR	523-7568	PRODUCT LINK, CELLULAR PL243	557-5067
BOOM, SWING	523-7583	NO CAMERA	545-6721
ENGINE, EPA TIER 4 FINAL	523-7593	NO EXTRA COUNTERWEIGHT	538-2663
ELECTRICAL ARR, C2.4 HRC	523-8003	BLADE, ANGLE	579-2605
TRAVEL PEDALS	541-4573	INSTRUCTIONS, ANSI	535-8483
FILM, COUPLER, ISO	555-8731	SERIALIZED TECHNICAL MEDIA KIT	421-8926
SOFTWARE, PROPORTIONAL CONTROL	557-1709	HEATER, WATER JACKET	566-0462
SOFTWARE, STICK STEER CONTROL	557-1710	MIRROR, CAB, RIGHT	523-6409
SOFTWARE, 2 WAY CONTROL	557-1711	SHIPPING/STORAGE PROTECTION	0P-2266
SOFTWARE, CODED START	557-1713	PACKING, LAST MILE PROGRAM	0P-4299
LANE 3 ORDER	0P-9003	CAT KEY, WITH PASSCODE OPTION	522-6460
STICK, LONG	579-2625		523-8647
LINES, BOOM	532-7892	COUPLER, PG, MAN.D.LOCK, 5T	444-7496
LINES, STICK	532-7890	BUCKET, 24" - CCE03097B	464-9911
LINKAGE BUCKET W/ LIFTING EYE	538-2697	QUICK COUPLER - CCE03097Q	444-7496
TRACK, 16", RUBBER BELT	527-2800	THUMB - CCE03097T	523-8647

State Contract **MA3383**

SELL PRICE

\$76,000.00

WARRANTY & COVERAGE

Standard Warranty: 24 Months / 2,000 Hours

F.O.B/TERMS:

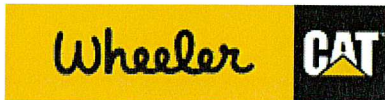
Pleasant View City

PAYMENT TERMS**Lease Terms**

HOURS PER YEAR	TERM	ANNUAL PAYMENT	RATE	OPTIONAL BUY-OUT	LEASE TYPE
500	5(Annual)	\$10,030.20	-	\$36,100	CVO
500	5(Annual)	\$10,781.59	2.49%	\$27,600.00	GOVERNMENTAL

The above lease is based on the following:

- Taxes are extra on the monthly payments and the buy-out
- If the machine is not purchased at the end, then it must be returned in average condition with normal wear-and-tear
- The customer is responsible for all maintenance and repairs on the machine using genuine Cat parts only
- Tires, undercarriage, and all ground engaging tools (i.e. teeth, cutting edges) must be at 50% remaining, minimum, if the unit is not purchased at the end of the lease
- The above is subject to approval by Caterpillar Finance



October 8, 2020

Pleasant View City

Pleasant View City, UT

Concerning: Trail King TKT16U

Tyson,

Thank you for the opportunity to provide the following quote on a Trail King TKT16U.

TRAILING 20' TILT DECK TRAILER
4' STATIONARY 20' DECK W/ 16' TILT
2 5/16" BALL HITCH
1 1/2" OAK RAISED DECKING
TIRES 215/75R17.5-18PLY
SPARE TIRES 215/75R17.5-18PLY
6.75X17.5 8-HOLE DISC SPARE WHEEL
7 POLE RV STYLE ELECTRICAL PLUG
14 GA STEEL ENCLOSED FENDERS
BOLT ON SPARE TIRE CARRIER
BOLT ON LOCKABLE TOOL BOX LID
BLACK S7203 W/WHITE DECALS

STATE CONTRACT MA3383
10% DISCOUNT OFF LIST
MANUFACTURER LIST PRICE: \$14,663
STATE CONTRACT DISCOUNT: (\$1,467)
INCOMING FREIGHT: \$725

\$13,921.00

FOB: Salt Lake City

2-3 weeks

Thank You for allowing me to quote this machine,

Trevor Shuman

Trevor Shuman | Governmental Sales Specialist | Wheeler Machinery Co.

Direct 801.978.1614 | Cell 801.209.1882 | Fax 801.974.0115 | tshuman@wheelercat.com



132790-01

September 18, 2020

PLEASANT VIEW CITY

520 W ELBERTA DR
OGDEN, UT84414-1408

Attention: Tyson Jackson

Tyson Jackson,

Thank you for this opportunity to quote Caterpillar products for your business needs. We are pleased to quote the following for your purchase consideration.

One (1) New Caterpillar Model: 926M Wheel Loaders with all standard equipment in addition to the additional specifications listed below:

STOCK NUMBER:	SERIAL NUMBER:	YEAR:	SMU:
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Thank you for your interest in Wheeler Machinery and Caterpillar products for your business needs. This quotation is valid for 30 days, after which time we reserve the right to re-quote. If there are any questions, please do not hesitate to contact me.

Sincerely,

Trevor Shuman
Machine Sales Representative
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801-209-1882

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One (1) New Caterpillar Model: 926M Wheel Loaders with all standard equipment in addition to the additional specifications listed below:

STANDARD EQUIPMENT

POWERTRAIN -Axle seal guards -Auto Idle shut down feature -Cat C7.1ACERT engine --Power Modes (Standard and Performance) --Power by Range (High Power in Range 4) --Tier 4 Final/Stage IV compliant --Turbocharged and aftercooled --Filtered crankcase breather --Diesel particulate filter --Selective Catalyst Reduction -Coolant protection to -34C (-29F) -Differential lock in front axle -Dry type air cleaner -Enclosed wet disc full hydraulic brakes -Fuel priming pump, automatic -Fuel water separator -Hydraulically driven demand cooling fan -Hydrostatic transmission with electronic -control --Operator Modes (Default, TC, Hystat and -Ice) --Directional Shift Aggressiveness (Fast, -Medium, Slow) --Rimpull control, adjust wheel torque --Creeper control, adjust ground speed -Lubed for life driveshafts -Parking brake, electric -Single plane cooling package wide 6 fins -per inch density -S-O-S port, engine, coolant, transmission -oil -

HYDRAULICS -Automatic lift and bucket kickouts, -adjustable in-cab -Bucket and Fork Modes, adjustable in-cab -Cylinder damping at kickout and -mechanical end stops -Fine Mode control (Fast, Medium, Slow) -in Fork Mode -Hydraulic Response setting (Fast, -Medium, Slow) -Hydraulic diagnostic connectors and -S-O-S ports -Hydraulic sight gauge, visible -Load sensing hydraulics and steering -Seat mounted hydraulic joystick controls

ELECTRICAL -Alternator, 115-amp, heavy duty -12V power supply in cab (2) -Batteries, 1,000 CCA (2) 24 volt system, -disconnect switch -Back up alarm -Emergency shutdown switch -Halogen work lights front and rear, LED -rear stop and turn lights -Heavy duty gear reduction starter -Product Link PRO w/3 year subscription -Remote jump start post -Resettable main and critical function -breakers -Roading lights front and rear

OPERATOR ENVIRONMENT -75 mm (3 in) retractable seatbelt -Automatic temperature control -Cab, enclosed ROPS/FOPS pressurized -and sound suppressed -Cup holders -External heated mirrors with lower -parabolic -Ground level cab door release -Gauges --Digital hour meter, odometer and -tachometer --Digital ground speedometer and -direction indicator --Engine coolant temperature gauge --Fuel and Diesel Exhaust Fluid level -indicator --Hydraulic oil temperature gauge -Hydraulic control lockout -Interior cab lighting, door and dome -Interior rearview mirrors (2) -Lunch box storage -Operator warning system indicators -Radio ready speakers -Rear window defrost, electric -Seat mounted electronic implement -controls, adjustable -Sliding glass on the side windows -Column mounted multi function control --lights, wipers, turn signal -Suspension seat, fabric -Tilt and telescope steering wheel -Tinted front glass -Wet arm wiper/washer, 2-speed and -intermittent, front -Wet arm wiper washer, rear -

OTHER STANDARD EQUIPMENT -Large-access enclosure doors with -adjustable close/open force -Parallel lift loader linkage -Recovery hitch with pin -Remote mounted lubrication points -Vandalism protection- -lockable compartments -

MACHINE SPECIFICATIONS

926M WHEEL LOADER	536-5300	LIGHTS, ROADING, HALOGEN, RH	541-3066
AUX ECM	536-5318	CAB, DELUXE	536-5309
CAMERA, REAR VIEW	377-5635	SEAT, DELUXE	563-5967
STEERING, STANDARD, DUAL MODE	430-2997	RADIO, BLUETOOTH, AUX, MIC	372-1868
CARRIAGE, FUS, FORK 60", PALLET	572-5671	PRODUCT LINK, CELLULAR PL641	565-0908
LANE 3 ORDER	0P-9003	FENDERS, STANDARD	366-8148
DIFFERENTIAL, OPEN REAR	333-6528	COUNTERWEIGHT, HEAVY	348-2579
ENVIRONMENT, STANDARD	536-5320	TOOLBOX AUX, NONE	519-8081
WEATHER, COLD START 120V	454-0610	RISE CONTROL	430-2859
ENGINE	527-0422	QUICK COUPLER, FUSION	536-5313
HYDRAULICS, 2V, CPLR READY, SL	536-5322	TIRES, 20.5R25 TI MXL * L3	376-0827
HYDRAULICS, STANDARD, SL	536-5281	HYDRAULICS, 3V, CPLR READY, SL	541-3073
LINES, AUX 3RD, NONE	536-5329	LINES, AUX 3RD, STD LIFT	530-1623
JUMPER LINES, NONE	536-5339	JUMPER LINES, AUX 3RD, FUSION	445-4725
LIGHTS, STD, LED	559-0843	BUCKET-MP, 2.7 YD3, FUS	362-0902

State Contract **MA3383**

SELL PRICE

\$145,636.41

WARRANTY & COVERAGE

Standard Warranty: 12 Months / Unlimited Hours

Extended powertrain: 36 months 1000 hours

F.O.B/TERMS:

Pleasant View City

PAYMENT TERMS**Lease Terms**

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