

MARSHALLTOWN

I O W A

Joel Greer, Mayor
 Jessica Kinser, Administrator
 24 North Center Street
 Marshalltown, IA 50158-4911
 Tel - (641) 754-5701
 Fax - (641) 754-5717

TO: Mayor Greer and City Council
FROM: Heather Thomas, Public Works Director
DATE: October 24, 2022
RE: Street Division – Authorization for Wheel Loader Purchase, Surplus Existing

Policy Issue: City purchasing policy requires City Council to approve all motor vehicle / equipment purchases.

<input type="checkbox"/> Goal 1: Expand and improve development	<input checked="" type="checkbox"/> Goal 3: Continually improve the City’s organization & services
<input type="checkbox"/> Goal 2: Enhance Marshalltown’s public image	<input type="checkbox"/> Goal 4: Partner with others to improve quality of life

Specific Objective/Action: Objective 2: Develop comprehensive plans for City infrastructure and improvements. *(Maintaining a street division fleet so we are able to maintain and improve city infrastructure, handle snow, and manage the compost facility.)*

Recommendation: Recommend authorizing this street division equipment purchase in the amount of \$202,906.46 *(less a possible a \$23,100 trade in value resulting in a balance of \$179,806.46).*

Budget Impact: The city had budgeted \$165,000 for a replacement wheel loader for the street division out of the road use tax (Fund 110) in FY23.

The budgeted expense was assuming the trade-in of a 2000 Caterpillar 938G Wheel Loader with approximately 17,000 hours. We have received a trade-in value of \$21,300. City staff propose to list the wheel loader for sale for approximately one month to attempt to receive a higher sale price than trade in value. If unable to obtain a higher value, city will proceed with trade.

We have received sourcewell pricing (quote breakdown attached) from Ziegler, who is our territory dealer for Caterpillar equipment as summarized below:

2022 CAT 926M Wheel Loader (w/31% sourcewell discount)	\$ 170,685.30
Fluids	\$ 318.00
Prep/Freight	\$ 3,480.00
Post Factory Items related to coupler/bucket	\$ 28,423.16
<u>Trade Allowance (minimum, could be more with sale)</u>	<u>(-) \$ -23,100.00</u>
TOTAL	\$ 179,806.46

City staff are proposing to fund the estimated difference of \$14,806.46 from cash on hand within the road use tax fund. Through private sale, this difference may be less. This difference, while taken out of cash on hand, will utilize a portion of FEMA reimbursement for equipment usage during Derecho clean-

CITY COUNCIL

Al Hoop, Gabriel Isom, Barry Kell, Mike Ladehoff,
 Jeff Schneider, Gary Thompson, Dex Walker



up where city utilized our wheel loader equipment. This difference is also less than 10% overage allowed based on our approved CIP.

Description/Background:

The city street division has four (4) wheel loaders (*one of which remains at the airport facility*) that are used for a variety of tasks such as parking lot snow removal, the equipment that is used with snow blowers to remove snow from downtown streets, airport snow removal, push/move material at the compost facility, stacking/loading salt, and handling brush. Significant usage of the wheel loaders occurred as a result of the tornado and derecho.

City staff demo'd wheel loaders from Caterpillar, Case, Komatsu, and John Deere when evaluating which equipment would best suit their needs. The city's current fleet are 2 Case, 1 John Deere, and 1 Caterpillar. Factors such as visibility, useability, power transfer, traction, and number of electrical components were evaluated. Caterpillar and Komatsu ranked the highest. Due to having 2 Case wheel loaders already, there was a desire to maintain consistency; however, there was a concern on the reaction of the hydraulic power transfer on the Case equipment. During one of the demo's - there was one issue with Komatsu where it threw an electronic error code and for machine protection, it automatically disabled the machine from travel. This was concerning to staff as we drive these machines in the winter to the locations they are needed and if a code is thrown – this would leave them stranded potentially in a travelled roadway. Communication with other governmental entities and heavy construction companies about concerns on this “safety feature” confirmed others were experiencing this situation and many were moving away from the Komatsu models for that reason. For this reason, city staff pursued the Caterpillar model. Sourcewell pricing provides for a 31% discount to us as a government entity on new models. We evaluated both new and gently used models. The two used / available comps are shown below:

2018 - 926M w/ 5,043 hours @ \$147,800
2020 – 926M w/ 598 hours @ \$182,825

When comparing to a model 2022 new at \$170,685.30 due to sourcewell pricing discount, staff feel the new equipment is the best value as it also comes with 1 Year Full / 3 Year Powertrain Warranty and has 5,000 less hours.

Anticipated delivery of the wheel loader is before the end of the year.

In addition, we are requesting the 2000 Caterpillar 938G Wheel Loader (asset 5260) be declared surplus.

Attachments: Quote – Ziegler CAT 2022 926M Wheel Loader

CITY COUNCIL

Al Hoop, Gabriel Isom, Barry Kell, Mike Ladehoff,
Jeff Schneider, Gary Thompson, Dex Walker

