

# Memo

**To:** Mayor & City Council, City Manager  
**From:** Jim Wheeler  
City Manager  
**Date:** September 13, 2019  
**Re:** Front End Loader Purchase – Plow Equipment

Below is an excerpt from the City's Purchasing Ordinance. The highlighted section is relative to the provision for standardizing on equipment. I am recommending that the Council vote to support a procurement process that allows us to continue to standardize on John Deere Loaders Provided that we conduct due diligence in substantiating the pricing received.

Attached to this memorandum is a memorandum from November of 2003 when the current fleet of loaders were acquired and standardization was authorized.

**Sec. 2-430. Exceptions, waivers, standardization and emergencies.**

Valid exceptions not subject to the above procurement requirements are utility purchases, legal services, medical, advertising, subscriptions and periodicals, postage, freight, health, travel and social services for City employees, the purchase of insurance, maintenance contracts with manufacturers of equipment purchased or with suppliers of data processing software or where the City decides to contract with non-profit organizations for the provision of health, welfare, social or recreational services for the City and/or to the general public or where the City decides to contract with governmental agencies for the provision of governmental services.

Sealed, publicly invited competitive bids will not be required for purchases in any situation where a contractor or supplier has defaulted upon his or her obligations to the City and there is present a security guaranteeing to the City the performance of said obligation at no additional cost to the City, over and above the original obligation. In such a case, the City Manager, with the approval of the City Council, may renegotiate and award the contract to whomsoever he/she sees fit providing that said renegotiation and award does not exceed the amount contracted for in the original obligation.

The City Council, on recommendation from the City Manager, may waive any of the above purchasing requirements in cases where it is deemed inadvisable to solicit bids because of a single source of supply or because of the need of standardization of the materials, supplies, equipment or services or for other stated reasons which the City Council deems to be in the interest of the City.

Where it is deemed appropriate to standardize on the procurement of materials, supplies, equipment or services, the City Council shall so indicate by resolution. The City finance department shall maintain an up-to-date listing of such standardized items or services. The procurement of such standardized items or services will be exempt from the foregoing bidding requirements. Nevertheless, City departments will, when reasonably possible, attempt to obtain competitive quotes from different suppliers, if any, for the standardized item or service.

# Memo

**To:** Mayor & City Council  
Pat MacQueen, City Manager

**From:** Jim Wheeler  
Director of Public Works/City Engineer

**Date:** November 21, 2003

**Re:** Front End Loader Purchase – Plow Equipment

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The purpose of this memorandum is to update you on the status of our department's inquiry into front end loader purchasing options. The City purchasing Code provides us with two purchasing options. The standard option would be to purchase machines after receiving sealed bids. Another option would be to standardize on the manufacturer of the equipment that we currently have. The City currently has two John Deere Model 544H loaders. As with any purchase, we need to consider the cost/benefit implications of standardizing. Discussion regarding both options follows.

## Bidding

Within the last year, the State of NH has received bids on loaders in the class that we intend to purchase. The result of this bid was as follows:

1. Komatsu \$88,250
2. Caterpillar \$93,525
3. Case \$99,253
4. John Deere \$104,450

The specification for this bid included some items that we do not need (i.e. a bucket for every machine). It also did not include other items that we do need. The most significant item not included is the wing and plow package. We have been in contact with the Komatsu representative and they will extend the State bid price to the City should we choose to take advantage of it. A purchase through the State bid would include some additions and deductions for the aforementioned items.

Several representatives from our department were able to inspect and operate a Komatsu machine at the NHDOT District One facility in Lancaster. While we believe that the machine would work for us, we also believe that Komatsu does not offer some desirable features that other manufacturers do. These features include better operator visibility, increased turning radius, flexible engine design and the four wheel drive differential design.

Standardizing

The benefits of standardizing include the following:

1. Standardized stocking of parts (i.e. tires @ \$1,350 and rims @ \$1,150, filters, fluids, belts and other spare parts).
2. Standardized maintenance activities.
3. Attachment interchangeability.
4. Operator familiarity with all pieces of equipment.

We have received a proposal from John Deere. In essence, the apples and apples comparison between the John Deere proposal and the Komatsu bid is in the order of; John Deere @ \$91,494 vs. Komatsu @ \$88,250 for a difference of \$3,244 per machine.

The base John Deere Loader outfitted to suit our needs, excepting, the wing and plow is \$85,735. If five units are purchased, the per unit price with the wing, plow and miscellaneous parts is \$115,690.

Attached are various purchase scenarios as provided by John Deere. We have asked for additional term payment schedules for 10 and 15 year terms and hope to have these available on Monday night.

We believe the benefits of standardizing on the John Deere loader outweigh the marginally higher cost of this loader over the Komatsu. This can be summarized as follows:

<b>Extra Cost per Machine</b>	<b>Extra Benefits</b>
	Interchangeable Spare Parts
	Standardized Maintenance
	Standardized Attachments
\$3,244	Operator Familiarity
	Operator Visibility
	Increased Turning Radius
	Engine Design
	Hydraulic Lock Differential

Based on what has been presented, it is our recommendation that we pursue a lease/purchase plan with Nortrax Equipment (John Deere Supplier) for five equipped loaders.

If the Council agrees with this recommendation, it is our expectation that these machines will be used by the City for a minimum of 15 years. Accordingly, it is our recommendation that amortization of these vehicles be carried out over a minimum of 10 years. This will reduce the annual cost to the City to around ~~\$50,000~~ \$71,000 per year and will hopefully leave us with some ability to pursue other badly needed capital spending. Amortization funding for these vehicles will come from Capital Improvement account 01-480-962-0003.

## Supplemental Discussion

It is my understanding that there have been inquiries with regard to our selection of wheel loaders over four wheel drive trucks as plowing equipment. The purpose of this discussion is to provide our rationale for this selection.

First and foremost is that the loader requires only one operator. This is allowed by the equipment's high visibility. Trucks, by their design, do not allow good visibility of the wing from the driver's seat. While some departments do operate trucks without wing operators, we do not believe we could successfully do this in the City of Berlin. Berlin's streets are very steep and tight and operating trucks without a wing person would likely result in property damage and possibly cause harm to an employee or member of the public.

In general, other advantages of operating loaders versus trucks include:

- improved traction
- better maneuverability
- versatility for use in winter and summer
- versatility for use with attachments
- better visibility
- improved safety, and
- improved ergonomics.