

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL WORKSHOP
OCTOBER 14, 2008 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
Bid: Backhoe	Resolution Ordinance ✓ Motion Discussion Only	Robin A. Weaver Interim Director of Public Works

SYNOPSIS

A motion is requested to approve the purchase of one 2008 John Deere 410J Backhoe from West Side Tractor Sales Co. of Naperville, Illinois in the amount of \$88,648.

STRATEGIC PLAN ALIGNMENT

The Five Year Plan and Goals for 2007-2012 identified *Exceptional Municipal Organization*. A supporting objective of this goal is *Top Quality Core Services Responsive to Current and Future Community and Citizen Needs*.

FISCAL IMPACT

The FY08 Equipment Replacement Fund Budget provides \$120,000 for this purchase.

RECOMMENDATION

Approval on the October 21, 2008 consent agenda

BACKGROUND

The Village currently owns and operates a 1995 Case 590SL backhoe for use with water system repairs. As noted in the FY08 budget, this piece of equipment is scheduled to be replaced in 2008. Review of its maintenance record, engine hours and general condition verify that the replacement schedule should be followed

A Call for Bids was sent to five equipment distributors and published in accordance with the Village's Purchasing Policy. Six bids were received on September 15, 2008. A synopsis of the bids is as follows:

Vendor	Make/Model	Price
West Side Tractor Sales Co., Naperville, IL	John Deere 410J	\$88,648
Martin Implement Sales Inc., Orland Park, IL	New Holland B110B	\$89,944
McCann Industries, Addison, IL	Case 590SM+ Series III	\$91,726
Casey Equipment Co., Inc., Arlington Heights, IL	JCB 3CX-15	\$93,495
Contractors Equipment Rentals Inc., Elmhurst, IL	Terex TX860B	\$95,774
Patten Industries Inc., Elmhurst, IL	Caterpillar 430E	\$114,474

In addition to a direct purchase price, alternate pricing for leasing of the backhoe was also requested. Of the six bids received, three vendors submitted no leasing information and two submitted incomplete lease information. Only West Side Tractor Sales provided a full response regarding leasing.

The financial analysis of the lease proposals does not support this method of acquisition at this time. Every time a vehicle is purchased from the Equipment Replacement Fund, the appropriate department starts making contributions (pre-funds), based on the cost of the vehicle and the expected useful life. When it is time to replace that vehicle, the cash is available for the purchase. To analyze whether to lease or buy, staff compares the lease interest rate to the Village's investment earnings rate, since that is the

opportunity cost (interest the Village will lose) of paying cash. The investment earnings rate was 4.0% at the time of this quote. The best lease rate offered was 5.5% from West Side. The financial comparison would not favor a lease in these circumstances.

A circumstance where the Village may recommend leasing is when a vehicle is not fully pre-funded (for example if it has only achieved 50% of its useful life and needs replacement). At this point the Village would have to find the remaining cash to make the purchase, or consider leasing.

ATTACHMENTS

Contract form

IV. BID/CONTRACT FORM

*****THIS BID WHEN ACCEPTED AND SIGNED BY AN AUTHORIZED SIGNATORY OF THE VILLAGE OF DOWNERS GROVE SHALL BECOME A CONTRACT BINDING UPON BOTH PARTIES.**

Entire Block Must Be Completed When A Submitted Bid Is To Be Considered For Award

BIDDER:

WEST SIDE TRACTOR

Company Name

1400 W. OGDEN

Street Address of Company

NAPERVILLE IL 60563

City, State, Zip

630-355-7150

Business Phone

630-355-7173

Fax

Date: 9/2/08

WESTSIDE@WESTSIDETRACKOR.NET

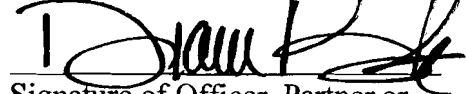
Email Address

LORN SCHUESSLER

Contact Name (Print)

630-355-7150

24-Hour Telephone



Signature of Officer, Partner or Sole Proprietor

DIANE BENCH, SECY

Print Name & Title

ATTEST: If a Corporation


Signature of Corporation Secretary

VILLAGE OF DOWNERS GROVE:

Authorized Signature

Title

Date

ATTEST:

Signature of Village Clerk

Date

In compliance with the specifications, the above-signed offers and agrees, if this Bid is accepted within 90 calendar days from the date of opening, to furnish any or all of the services upon which prices are quoted, at the price set opposite each item, delivered at the designated point within the time specified above.