



MEMORANDUM

P.O. Box 4100 ♦ FRISCO, COLORADO 80443

TO: MAYOR AND TOWN COUNCIL
FROM: JEFF GOBLE, PUBLIC WORKS DIRECTOR
RE: RESOLUTION 22-16, CONCERNING THE PURCHASE OF ONE CATERPILLAR 938M FRONT-END LOADER.
DATE: APRIL 26, 2022

Summary and Background: Request for authorization to purchase one (1) Caterpillar 938M Loader from Wagner Equipment, Co. This purchase is to continue the Town's 7-year replacement cycle for Loaders in order to minimize down time due to aging equipment and to continue to receive the highest amount possible in trade or at auction.

Analysis: Staff's professional opinion is that the existing 2015 Cat 938M Loader should be replaced as it is nearing the end of its warranty period of 7 years or 7000 hours. Currently all repairs other than periodic maintenance are covered under the warranty. On this subject, we recently had a major repair done on one of our loaders that would have cost the Town around \$20,000 if there was no warranty. Furthermore, if we keep this loader beyond the warranty period we could see a substantial reduction of the current \$114,900 trade-in value, to the tune of up to \$10,000 for every 500 hours over the 7,000-hour limit.

Pursuant to Chapter 9 of the Town Code a Request for Proposals was produced and publicized back in January with a due date of February 25, 2022. Two bids were received by the deadline; they are listed below:

Power Equipment, LLC (Volvo L90H) \$285,528 - \$112,000 (trade in value) = \$173,528
Wagner Equipment (Caterpillar 938M) \$276,829.69 - \$114,900 (trade in value) = \$161,929.69

After staff analysis of the bids, it is our recommendation to accept the proposal from Wagner Equipment for a cost not to exceed \$161,929.69.

Financial Impact: Passage of the recommended motion to purchase the listed equipment will result in a net cost of \$161,929.69. The amount budgeted in the 2022 budget for this purchase is \$295,000 from the Capital Improvement Fund, Capital Equipment Purchases (20-2000-4101). This purchase will leave a balance of \$133,070.31 in this budget line item.

It should also be noted that Wagner Equipment placed a guaranteed buy-back value of \$122,100.00 in their bid for when the Town replaces this new loader in 2029. With this buy-back value in the proposal this new loader will effectively cost the Town \$39,829.69.

Alignment with Strategic Plan: Adoption of this Resolution to purchase this Loader aligns with the Quality Core Services section of the Council's Strategic Plan by providing appropriate, reliable equipment to efficiently and effectively perform maintenance operations throughout Town.

Environmental Sustainability: The newer models of front-end loaders have many technological updates that substantially reduce diesel emissions and particulates as compared to older models.

Staff Recommendation: Based on the information contained in this report, it is recommended the Town Council make a motion to adopt the attached Resolution, 22-16 "A RESOLUTION FOR THE PURCHASE OF ONE(1) CATERPILLAR 938M LOADER FOR USE IN STREETS, PARKS AND GENERAL TOWN MAINTENANCE OPERATIONS".

Approved By:

Diane McBride, Interim Town Manager
Leslie Edwards, Finance Director

Attachments:

Attachment 1 – Resolution 22-16