

City of Independence

Consider Purchase of New Public Works Tractor and Trade of the Existing Tractor

To: City Council
From: Mark Kaltsas, City Administrator
Meeting Date: January 12, 2016

Request:

At the end of 2015 the City transferred funds into a public works capital account to fund capital expenditures. It was discussed that the initial expenditure would be the purchase of a new tractor to replace the existing tractor currently in service. The City originally purchased the existing tractor in 1998 for a price of \$43,764.00. The tractor is now 18 years old and starting to require more than routine maintenance and repair. The City has identified several items that will need to be repaired this year if the City chooses to keep the existing tractor. Staff has secured state bid pricing and obtained a proposal for a new tractor that is anticipated to fully replace the services/capabilities performed with the existing tractor.

The tractor proposed to be purchased is a John Deere 5115M Utility Tractor. The total cost of the tractor and its associated equipment is \$76,455.46. The City has also negotiated a trade value for the existing tractor of \$20,000.00. This trade value is considered to be a good value given the age, hours and condition of the tractor. The resulting cost to the City for the new tractor minus the trade in value would be \$56,455.46.

Staff did inquire about leasing a tractor versus buying a tractor. Staff received a lease quote from the dealer for a four year lease. The structure of the lease is similar to financing and purchasing a tractor in a traditional manner. The price for the lease is \$15,035.22 per year.

Given the amount paid for the existing tractor and the trade value after 18 years of service, staff believes that the best option is to purchase the tractor outright.

Recommendation:

It is recommended that the City Council consider approving the purchase of a new tractor and trading in the existing tractor in accordance with the quote prepared by Minnesota Equipment, Inc. out of Rogers. The City has allocated \$60,000 towards the purchase of a new tractor in the Public Works Capital Fund.

Attachments:

1. Quote Proposal