



TO: Mayor Shaun Sipma
Members of the City Council

FROM: Jason Sorenson

DATE: January 14, 2019

SUBJECT: **INDUSTRIAL WHEEL LOADER (PROJECT NUMBER 4412)**

I. RECOMMENDED ACTION

1. Recommend council reject the bids for the loader bid and direct staff to modify the specifications and rebid.

II. DEPARTMENT CONTACT PERSONS

Dan Jonasson, Director of Public Works 857-4140
Jason Sorenson, Assistant Director of Public Works 857-4140

III. DESCRIPTION

A. Background

On January 3, 2019, the Public Works Department opened bids for an industrial wheel loader for the Street Department. Five bids were received, and they are as follows:

<u>Bidder</u>	<u>Make/Model</u>	<u>Base Bid</u>	<u>5-year Lease</u>	<u>Buyout</u>
RDO Equipment	JD 644K	\$208,000.00	\$19,407.81	\$145,000
Titan Machinery	Case 921 G XR	\$216,757.50	\$47,033.00	\$0
Butler Machinery	Cat 950 GC	\$208,500.00	\$27,434.00	\$95,000.00
Dakota Prairie Auto	Hyundai HL960XT	\$193,904.00	\$31,603.56	\$70,280.18
General Equipment	Komatsu WA380-8	\$225,150.00	\$40,159.00	\$50,000.00

The units bid meet the specifications for this project. The basis of award was lowest cost of ownership over the course of the lease term, which was Dakota Prairie Auto at \$228,297.98. A piece of equipment, such as this, is very important to the Street Department operation. As such, local and cost-effective service and support is critical to ensure this piece of equipment is available when its needed. Dakota Prairie Auto is a new Hyundai dealer based out of Mandan and doesn't have any type of in town support. Preference for a local service center was not detailed in the specifications for the project and the City did not require bidders to provide a maximum freight charge for transporting the piece of equipment to another location. Historically, out of area vendors have not submitted bids for this type of equipment, so this hasn't been an issue in the past. City ordinance provides factors for selecting the lowest responsible bidder, but states "if the price factor (subsection (1)) is not controlling as to which vendor receives the purchase contract, the purchasing agent shall make a record as to which other factors overrode the price factor." In this case, there is no compelling evidence that Dakota Prairie Auto can't perform per the specifications, however a local service center or maximum freight charge is still preferred.

B. Proposed Project

If bids are rejected as requested, the specifications will be rewritten to better outline the expectations of the supplier. There are services provided by many of our local suppliers that are not requested in the specifications such as loaner units if the equipment will be down for an extended period of time. These services will be incorporated into the specifications as well.

C. Consultant Selection

N/A

IV. IMPACT:

A. Strategic Impact:

N/A

B. Service/Delivery Impact:

N/A

C. Fiscal Impact:

Project Costs

Project Funding

Funding for this project is budgeted in the 2019 Street Department budget in the amount of \$40,000.

V. ALTERNATIVES

Council could elect to award the bid to the lowest bidder Dakota Prairie Auto.

VI. TIME CONSTRAINTS

N/A

VII. LIST OF ATTACHMENTS