



**TO:** Mayor Shaun Sipma  
Members of the City Council

**FROM:** Jason Sorenson, Assistant Public Works Director

**DATE:** March 2, 2021

**SUBJECT:** WATER/SEWER DEPT. BACKHOE – AWARD OF BID (PROJECT NUMBER 4594)

**I. RECOMMENDED ACTION**

- 1. Recommend council approve the bid from RDO Equipment Co. in the amount of \$10,603.46 per year for a five-year lease for the backhoe.

**II. DEPARTMENT CONTACT PERSONS**

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

**III. DESCRIPTION**

A. Background

The Water and Sewer Department has two rubber-tired backhoes in its equipment fleet. These machines are used by the heavy equipment crew to dig watermain breaks, repair sewer pipe, replace curb stops and other necessary functions. In the past, backhoes have been purchased and replaced after 10-15 years of service. Due to maintenance costs over the past five years, this bid was evaluated as a lease or a straight purchase. In recent years, the Public Works Department has procured some very favorable lease rates on equipment. This has resulted in less equipment down time and less maintenance costs due to having newer machines that are under warranty for the duration of the lease term.

B. Proposed Project

On February 23, 2021, bids were opened for a backhoe for the Water/Sewer Department. A tabulation of the bids is as follows:

Bidder	Base Bid	Trade-In	Purchase Price	5-year Lease
RDO Equipment Co	\$164,400	\$40,000	\$124,400	\$10,603.46
Butler Machinery	\$155,000	\$35,000	\$120,000	\$23,237.57
General Equipment	\$105,900	\$40,000	\$65,900	\$ 6,175.36

The specifications for this equipment called for an operating weight of at least 28,000 lbs. The machine bid by General Equipment only weighs about 17,000 lbs, so it wasn't considered for purchase. Both machines provided by RDO and Butler do meet specifications. The basis for the bid was lowest cost of ownership over the five-year lease period.

C. Consultant Selection

N/A

**IV. IMPACT:**

A. Strategic Impact:  
N/A

B. Service/Delivery Impact:  
N/A

C. Fiscal Impact:

Project Costs

Backhoe bid price \$10,603.46 per year for 5 years

Project Funding

Funding in the amount of \$160,000 was budgeted in the 2021 capital purchases for the Water/Sewer Department. The appropriate funding will be moved from capital into a rental line item.

**V. ALTERNATIVES**  
N/A

**VI. TIME CONSTRAINTS**  
N/A

**VII. LIST OF ATTACHMENTS**