



## THE CITY OF KEY WEST

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MEMORANDUM

### EXECUTIVE SUMMARY

**TO:** Bogdan Vitas, City Manager  
E. David Fernandez, Asst. City Manager

**FROM:** Jay Gewin, Utilities Manager

**DATE:** May 13, 2013

**SUBJECT:** **Purchase of a Backhoe Vehicle from Kelly Tractor for \$138,980 through Piggybacking on the Florida Sheriff's Association Contract. Approving Appropriate Budget Transfers from Sewer Fund Reserves to Facilitate Purchase**

**Action statement:**

To purchase a Caterpillar 450F Backhoe Loader Vehicle from Kelly Tractor, Inc. via piggybacking on a competitive bid from the Florida Sheriff's Association for \$138,980. This price includes non-specified options discounted as dictated by the Sheriff's contract, and an extra 24" coral rock digging bucket as a non-contract option. This purchase is authorized through City Ordinance Sec 2-797 (3). This resolution will also approve appropriate budget transfers from sewer fund reserves to facilitate purchase.

**Background:**

The backhoe vehicle is used in the field by OMI's sewer collection system staff for all sewer system repairs and new lateral installations. A different backhoe is used at the Wastewater Treatment Plant to empty dumpsters and to dry material at the berm.

The backhoe currently used by the collection staff is approximately eight years old. The backhoe at the Wastewater Treatment Plant is much older than that. In fact, OMI's safety staff recommends the backhoe at the plant be retired immediately. The plan is for the existing collections backhoe to replace the older machine at the WWTP when this new vehicle is purchased.

**Purpose & Justification:**

The City is seeking to upsize the backhoe from our current model in order to be able to do more repair work ourselves in the future. Having this vehicle in

*Key to the Caribbean – Average yearly temperature 77° F.*

our possession will allow the City and OMI to perform more work ourselves for some smaller projects that we have been unable to perform in the past. The larger 450F model will better enable us to dig trenches in the island's hard coral surface material.

We are also including in the purchase a bucket that is specially designed for digging in our coral rock surface. This is a non-contract purchase from the vendor, but staff research has determined that this a fair price for the bucket. Typically, different buckets may be utilized dependent on the type of soil present at a work location.

### **Options:**

1. The City could opt to forego the purchase of the backhoe, which would result in a decreased ability for the City to respond to routine repair tasks. The City would not be able to effectively maintain our infrastructure as required by Best Management Practices. Costs would increase by using a rental vehicle, or by contracting out small tasks the City could perform ourselves.
2. The City could opt to purchase a used backhoe. The advantage to this would be an initial cost savings. The disadvantages of purchasing a used unit are many. The life expectancy of a backhoe is about 8-10 years under ideal service conditions. The harsh environments within which these units must operate quickly take a toll on all mechanical and electrical components. It is unlikely that a pre-owned unit will have been well maintained. The chances of mechanical failure and ongoing repair costs are high, as are the risks associated with purchases of pre-owned equipment.
3. The City could generate and issue a request for sealed bids on a vehicle that meets or exceeds the specifications. The disadvantages of this include the possibility of purchasing a unit of similar capabilities but lower quality manufacture, and create a separate inventory of spare parts. In addition, the price that the City can use from the Sheriff's Bid would likely be exceeded.
4. The current opportunity to piggyback on the Florida Sheriff's bid would allow the City to purchase a brand new model at a good price. The City would have an increased ability to maintain our sewer infrastructure as dictated by Best Management Practices to include the increased maintenance abilities this option provides.

### **Financial Impact:**

This is a budgeted item on the FY 2013 capital purchase list. The cost is \$138,980.00 will be spent from account number 401-3504-535-64.

This quote is above the \$98,000 figure the City had originally budgeted for a smaller model. However, upon analysis and comparison of the larger and smaller backhoe models, City Staff has determined that the larger 450F Model would be the better investment.

There are sufficient funds on sewer reserves to afford the difference in cost.

**Recommendation:**

Staff recommends option 4, the purchase of a Caterpillar 450F Backhoe Loader Vehicle from Kelly Tractor in the amount of \$138,980.00, with the approval of appropriate budget transfers from sewer fund reserves.