



## THE CITY OF KEY WEST

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MEMORANDUM

### EXECUTIVE SUMMARY

**TO:** Jim Scholl, City Manager  
E. David Fernandez, Asst. City Manager

**FROM:** Jay Gewin, Utilities Manager

**DATE:** February 9, 2011

**SUBJECT:** Purchase of a Caterpillar 938H Wheel Loader from Kelly Tractor Company in the Amount of \$209,587 through Piggybacking on the Florida Sheriff's Association Contract.

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#### Action statement:

To purchase a Caterpillar 938H Wheel Loader for the City of Key West Transfer Station on Rockland Key from Kelly Tractor Company via piggybacking on a competitive bid from the Florida Sheriff's Association for \$209,587.00. This purchase is authorized through City Ordinance Sec 2-797 (3).

This purchase price includes some items that are not part of the Sheriff's bid. They include an extended warranty, solid tires that are recommended for a transfer station environment, coupling an existing bucket rather than a new one, and a web-based maintenance system for the loader. These non-contract items comprise \$49,546 of the \$209,587.00 price.

#### Background:

The City of Key West Transfer Station on Rockland Key receives all of the trash and recycling collected from our residential and commercial customers, and transfers the waste/recycled products into larger trucks for hauling to the mainland, where the materials are either processed for recycling or converted to waste-to-energy.

A wheel loader with bucket is necessary to move the solid waste/recyclables from the tipping floor into the haul-out trucks parked in the loading bay. The loaders also are needed to pile and separate the materials into the recycling and solid waste areas of the tipping floor.

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

The loader is a critical piece of machinery in the successful operation of the transfer station facility. It would be impossible to keep up with the pace of the incoming garbage trucks and outgoing haul-out trucks without it.

### **Purpose & Justification:**

The City possesses two loaders at the facility, so that operations can proceed when a loader is being repaired. One loader is a 2001 vehicle, and the other is from 1995. The 1995 loader is currently inoperable after sixteen years of operation, and further repairs are cost-prohibitive. This results in the City having to pay Waste Management to loan out its loader to the City if our one remaining loader needs repairs.

The loaders on site also suffer from heavy wear-and-tear due to extensive use in a rough environment. The transfer station is open ten hours a day, six days per week, and a loader is operating much of that time. As the vehicles have aged, maintenance costs have continued to increase.

City Staff therefore included in its FY 2011 budget a line item approved by the City Commission to purchase a new loader for use at the Transfer Station. Staff proposes utilizing the Florida Sheriff's Association Contract to purchase a Caterpillar 938H Wheel Loader. This vehicle has improved safety measures, better durability, and will provide the City with greater reliability and decreased maintenance costs.

Staff is also recommending the inclusion of some items in the purchase that are not part of the Sheriff's bid. These include Flexport solid tires that are recommended for a rugged transfer station environment, a computerized maintenance system that can identify what specifically needs to be repaired on the loader, and a 5 year/7500 hour extended warranty. There is also a fee for utilizing our existing bucket that is in good condition, rather than paying for a new bucket. (A cheaper cost than a new bucket) These items comprise \$49,546 of the total price of \$209,587.00

Last year when the new Transfer Station opened, the City had budgeted funds to purchase a Wheeled Excavator for the new site. This vehicle was never purchased after staff determined that a wheel loader would be a more effective vehicle for the facility. We have instead continued to use the well-worn 10 and 16 year old loaders brought over from the former transfer station on College Road.

### **Options:**

1. The City could opt to forego the purchase of new loader, which would result in a continuation of rising maintenance and rental costs, and lower reliability as the vehicle continues to age.
2. The City could opt to purchase a used loader. The advantage to this would be an initial cost savings. However, the disadvantages of purchasing a used unit are many. The loader would not be under warranty, and would require increased maintenance costs sooner than a new vehicle. 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 Florida Sheriff's bid price 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. It would include a warranty for the vehicle, and well as new safety equipment.

**Financial Impact:**

This is a budgeted and approved item on the FY 2011 capital purchase list. The cost is \$209,587.00, and is below the \$235,000 amount we have budgeted for the loader. Funds are budgeted in account number 403-3402-534-64/SW1101.

There will be a recurring annual cost of \$1,200 for the web subscription for the loader maintenance software.

**Recommendation:**

Staff recommends option 4, the purchase of a Caterpillar 938H Wheel Loader from Kelly Tractor Company in the amount of \$209,587.