

MEMO

To: Honorable Mayor and City Council
From: Joe Wilson, Director of Public Works
Subject: Approval of Ordinance Entering into an Equipment Lease for John Deere Equipment
Date: April 1, 2019

Item:	Award of Master Service Agreement
Contractor:	John Deere Financial
Contract Amount:	\$120,005.64 per year or \$360,016.92 life of lease

Description

For the past few years the City has leased multiple pieces of heavy equipment for use by the City's Public Works and Parks, Recreation and Golf departments. The equipment that has been leased are two (2) backhoes, one loader, and one motor grader.

During conversation with the end users it was determined that Parks, Recreation and Golf would more effective if they were to use a tractor instead of a backhoe. The Streets division would still use one backhoe, one loader and one motor grader to perform their Streets maintenance activities.

John Deere Financial was awarded a contract through Sourcewell Cooperative purchase collaborative for the equipment that was specified for use by the end users in both departments. By leveraging these contracts, the City is able to fulfill the procurement policies while getting better pricing than the City would be able to obtain without the purchasing power of the Sourcewell contracts.

Financial Impact

Funding for this Lease will come from the Fleet Management budget, Equipment Maintenance/Rental account.

If the City were to decide to purchase the equipment being leased, the cost would be much higher than the City leasing this equipment. The purchase price, at this time is \$686,466.07. Lease



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schedules to follow upon execution of Master Lease Agreement as Lease Schedules are dependent upon the individual pieces of equipment being leased.

Staff Recommendation:

Staff recommends approval of the ordinance allowing equipment lease to be entered into with John Deere in the amount of \$120,005.64 per year for three (3) years for a total of \$360,016.92.

