



Board of Aldermen Request for Action

MEETING DATE: 8/28/2023

DEPARTMENT: Public Works

AGENDA ITEM: Resolution 1252, Approving a Purchase Order for a John Deere Tractor & Diamond Boom Mower

REQUESTED BOARD ACTION:

A motion to approve Resolution 1252, authorizing the city to enter into a lease purchase agreement for a tractor and boom mower attachment.

SUMMARY:

The John Deere Tractor and Boom Mower are essential pieces of equipment used by the Streets Department throughout the summer to carry out right-of-way, ditch, and stream bank mowing. This equipment was struck by lightning many years ago and since it has experienced mechanical/electrical issues. In the past years, this equipment has become unreliable, experiencing several operational issues, including unexpected shutdowns while in use. Despite efforts by John Deere mechanics to diagnose and fix the problem, a solution remains elusive. Considering the tractor's age, acquired in 2005, it has already served nearly 20 years and accumulated over 8,000 hours of operation.

Staff coordinated with John Deere representatives and received a quote for a new unit, which totals \$200,676. To manage the financial burden, there is a 5-year lease option available for this equipment. The lease cost is subject to fluctuating interest rates, with staff estimating an approximate annual cost of \$46,000 over the 5-year period.

It is important to note that the delivery time for the new equipment will be relatively long, taking eight months or more. With this delivery timeline in mind, staff recommends and seeks the Board's approval to proceed with the order of the equipment through via the 5-year municipal lease option. The first payment will be due upon the equipment's delivery, and in preparation for that, the City will be entering into a leasing agreement. We anticipate the equipment to be delivered by May 2024.

PREVIOUS ACTION:

Staff presented this issue during the July 18 Board meeting and indicated that they intended to bring it up for further consideration.

POLICY ISSUE:

This equipment is included in the Equipment Replacement Plan for FY2024.

FINANCIAL CONSIDERATIONS:

Staff has worked to develop an Equipment Replacement Plan, within the General Fund, which allocates funding for the lease of this tractor & boom mower equipment. This plan was first implemented in the FY2023 Budget.

ATTACHMENTS:

- | | |
|---|-----------------------------------|
| <input type="checkbox"/> Ordinance | <input type="checkbox"/> Contract |
| <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Plans |
| <input type="checkbox"/> Staff Report | <input type="checkbox"/> Minutes |
| <input checked="" type="checkbox"/> Other: Proposal | |

RESOLUTION 1252

A RESOLUTION AUTHORIZING THE CITY TO ENTER INTO A LEASE PURCHASE AGREEMENT FOR A TRACTOR AND BOOM MOWER ATTACHMENT

WHEREAS, the City utilizes a tractor and boom mower to maintain City owned right-of-way, ditches, and streambanks; and

WHEREAS, the current tractor and boom mower has several operational issues which prohibits Public Works staff from using the equipment in a reliable fashion; and

WHEREAS, staff have received a quote from the Sourcewell Agricultural Tractor cooperative purchasing contract for the acquisition of a tractor and boom mower; and

WHEREAS, staff have selected a lease purchase agreement as the method for acquisition of the tractor and boom mower.

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF SMITHVILLE, MISSOURI, AS FOLLOWS:

THAT the Board authorizes staff to execute a purchase order for a John Deere 6130M Cab Tractor and a Diamond Rear Cradle Boom Mower in the amount of \$200,676.70 with additional leasing costs, pertaining to the five-year municipal lease, with interest rates determined at the time the equipment is delivered to the City.

PASSED AND ADOPTED by the Board of Aldermen and **APPROVED** by the Mayor of the City of Smithville, Missouri, the 28th day of August 2023.

Damien Boley, Mayor

ATTEST:

Linda Drummond, City Clerk

Customer:

Quotes are valid for 30 days from the creation date or upon contract expiration, whichever occurs first.

A Purchase Order (PO) or Letter of Intent (LOI) including the below information is required to proceed with this sale. The PO or LOI will be returned if information is missing.

Vendor: Deere & Company

- ☐ 2000 John Deere Run
Cary, NC 27513
- ☐ Signature on all LOIs and POs with a signature line
- ☐ Contract name or number; or JD Quote ID
- ☐ Sold to street address
- ☐ Ship to street address (no PO box)
- ☐ Bill to contact name and phone number
- ☐ Bill to address
- ☐ Bill to email address (required to send the invoice and/or to obtain the tax exemption certificate)
- ☐ Membership number if required by the contract

For any questions, please contact:

Dylan Montgomery

Heritage Tractor, Inc.
1300 S. Us-169 Highway
Smithville, MO 64089

Tel: 816-873-3385

Email: dmontgomery@heritagetractor.com

Quotes of equipment offered through contracts between Deere & Company, its divisions and subsidiaries (collectively "Deere") and government agencies are subject to audit and access by Deere's Strategic Accounts Business Division to ensure compliance with the terms and conditions of the contracts.



JOHN DEERE

Heritage
TRACTOR

Quote Id: 29119218

**ALL PURCHASE ORDERS MUST BE MADE OUT
TO (VENDOR):**

Deere & Company
2000 John Deere Run
Cary, NC 27513
FED ID: 36-2382580
UEID: FNSWEDARMK53

**ALL PURCHASE ORDERS MUST BE SENT
TO DELIVERING DEALER:**

Heritage Tractor, Inc.
1300 S. Us-169 Highway
Smithville, MO 64089
816-873-3385
hti@heritagetractor.com

Prepared For:
City Of Smithville



Proposal For:
City Of Smithville

Delivering Dealer:

Dylan Montgomery

Heritage Tractor, Inc.
1300 S. Us-169 Highway
Smithville, MO 64089

hti@heritagetractor.com

Quote Prepared By:

Dylan Montgomery
dmontgomery@heritagetractor.com

Date: 26 June 2023

Offer Expires: 26 July 2023

Confidential

ALL PURCHASE ORDERS MUST BE MADE OUT TO (VENDOR):

Deere & Company
2000 John Deere Run
Cary, NC 27513
FED ID: 36-2382580
UEID: FNSWEDARMK53

ALL PURCHASE ORDERS MUST BE SENT TO DELIVERING DEALER:

Heritage Tractor, Inc.
1300 S. Us-169 Highway
Smithville, MO 64089
816-873-3385
hti@heritagetractor.com

Quote Summary
Prepared For:

City Of Smithville
MO

Delivering Dealer:

Heritage Tractor, Inc.
Dylan Montgomery
1300 S. Us-169 Highway
Smithville, MO 64089
Phone: 816-873-3385
dmontgomery@heritagetractor.com

Quote ID: 29119218
Created On: 26 June 2023
Last Modified On: 27 June 2023
Expiration Date: 26 July 2023

Equipment Summary	Suggested List	Selling Price	Qty	Extended
JOHN DEERE 6130M Cab Tractor	\$ 168,994.00	\$ 128,435.44 X	1 =	\$ 128,435.44
Contract: Sourcewell Ag Tractors 110719-JDC (PG 1P CG 70)				
Price Effective Date: June 26, 2023				
DIAMOND MOWERS DBM-C-N 22'	\$ 92,617.00	\$ 72,241.26 X	1 =	\$ 72,241.26
Rear Cradle Boom, 50" Rotary Head, IBC Smart Screen				
Contract: Sourcewell Ag Tractors 110719-JDC (PG 1P CG 70)				
Price Effective Date:				
Equipment Total				\$ 200,676.70

* Includes Fees and Non-contract items

Quote Summary

Equipment Total	\$ 200,676.70
Trade In	
SubTotal	\$ 200,676.70
Est. Service	\$ 0.00
Agreement Tax	
Total	\$ 200,676.70
Down Payment	(0.00)
Rental Applied	(0.00)
Balance Due	\$ 200,676.70

Salesperson : X _____

Accepted By : X _____



JOHN DEERE

Heritage
TRACTOR

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hti@heritagetractor.com

Salesperson : X _____

Accepted By : X _____

Confidential

Selling Equipment

Quote Id: 29119218

Customer Name:
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Deere & Company
2000 John Deere Run
Cary, NC 27513
FED ID: 36-2382580
UEID: FNSWEDARMK53

ALL PURCHASE ORDERS MUST BE SENT TO DELIVERING DEALER:

Heritage Tractor, Inc.
1300 S. Us-169 Highway
Smithville, MO 64089
816-873-3385
hti@heritagetractor.com

JOHN DEERE 6130M Cab Tractor

Hours:
Suggested List *
Stock Number:
\$ 168,994.00
Contract: Sourcewell Ag Tractors 110719-JDC (PG 1P CG 70)

Selling Price *
\$ 128,435.44
Price Effective Date: June 26, 2023

* Price per item - includes Fees and Non-contract items

Code	Description	Qty	List Price	Discount%	Discount Amount	Contract Price	Extended Contract Price
00R7L	6130M Cab Tractor	1	\$ 156,102.00	24.00	\$ 37,464.48	\$ 118,637.52	\$ 118,637.52
Standard Options - Per Unit							
183E	JDLINK™ Modem	1	\$ 0.00	24.00	\$ 0.00	\$ 0.00	\$ 0.00
185A	Less Subscription	1	\$ 0.00	24.00	\$ 0.00	\$ 0.00	\$ 0.00
190Q	G5 Universal Display	1	\$ 3,495.00	24.00	\$ 838.80	\$ 2,656.20	\$ 2,656.20
0202	United States	1	\$ 0.00	24.00	\$ 0.00	\$ 0.00	\$ 0.00
0409	English	1	\$ 0.00	24.00	\$ 0.00	\$ 0.00	\$ 0.00
0501	No package	1	\$ 0.00	24.00	\$ 0.00	\$ 0.00	\$ 0.00
874B	Alternator 14 V/210 A	1	\$ 401.00	24.00	\$ 96.24	\$ 304.76	\$ 304.76
1436	PowrQuad™ PLUS 24F/24R - 40 km/h	1	\$ 0.00	24.00	\$ 0.00	\$ 0.00	\$ 0.00
1757	ISOBUS Ready / GreenStar™ Ready	1	\$ 814.00	24.00	\$ 195.36	\$ 618.64	\$ 618.64
1950	Less Application	1	\$ 0.00	24.00	\$ 0.00	\$ 0.00	\$ 0.00
2085	6M Cab - Standard Cab with RH Console	1	\$ 3,806.00	24.00	\$ 913.44	\$ 2,892.56	\$ 2,892.56
2142	Standard Seat	1	\$ 0.00	24.00	\$ 0.00	\$ 0.00	\$ 0.00
2511	Mirrors - Manual Telescopic	1	\$ 0.00	24.00	\$ 0.00	\$ 0.00	\$ 0.00
2664	Premium Radio	1	\$ 800.00	24.00	\$ 192.00	\$ 608.00	\$ 608.00
3232	Hydraulic Pump - 80 l/min	1	\$ 0.00	24.00	\$ 0.00	\$ 0.00	\$ 0.00
3319	2 Mechanical SCVs (2 SCVs 200 Series)	1	\$ 0.00	24.00	\$ 0.00	\$ 0.00	\$ 0.00
3820	Rear PTO - 540/1000 rpm	1	\$ 0.00	24.00	\$ 0.00	\$ 0.00	\$ 0.00
4120	Draft Links with Telescopic Ball End - Category 2	1	\$ 0.00	24.00	\$ 0.00	\$ 0.00	\$ 0.00
4210	Center Link with Ball End - Category 2	1	\$ 0.00	24.00	\$ 0.00	\$ 0.00	\$ 0.00

Selling Equipment

Quote Id: 29119218

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2000 John Deere Run
Cary, NC 27513
FED ID: 36-2382580
UEID: FNSWEDARMK53

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816-873-3385
hti@heritagetractor.com

4410	Sway Blocks	1	\$ 0.00	24.00	\$ 0.00	\$ 0.00	\$ 0.00
5010	Flange-Type Rear Axle	1	\$ 0.00	24.00	\$ 0.00	\$ 0.00	\$ 0.00
5090	Adjustable Steel Wheels (Steel Disk)	1	\$ 0.00	24.00	\$ 0.00	\$ 0.00	\$ 0.00
5212	Rear Wheels 460/85R34	1	\$ 0.00	24.00	\$ 0.00	\$ 0.00	\$ 0.00
5999	Rear and Front Tire Brand - No preference	1	\$ 0.00	24.00	\$ 0.00	\$ 0.00	\$ 0.00
6045	4WD Front Axle - Unsuspected	1	\$ 0.00	24.00	\$ 0.00	\$ 0.00	\$ 0.00
6092	Adjustable Steel Wheels	1	\$ 0.00	24.00	\$ 0.00	\$ 0.00	\$ 0.00
6210	Front Wheels 340/85R24	1	\$ 114.00	24.00	\$ 27.36	\$ 86.64	\$ 86.64
7706	Shipment Preparation - by Ship Overseas, with Conservation	1	\$ 79.00	24.00	\$ 18.96	\$ 60.04	\$ 60.04
8300	Cold Start Package I	1	\$ 465.00	24.00	\$ 111.60	\$ 353.40	\$ 353.40
8307	Fuel Tank Bottom Guard	1	\$ 603.00	24.00	\$ 144.72	\$ 458.28	\$ 458.28
8380	Preparation for Front Auxiliary Drive	1	\$ 869.00	24.00	\$ 208.56	\$ 660.44	\$ 660.44
8726	Dual Beacon Lights	1	\$ 587.00	24.00	\$ 140.88	\$ 446.12	\$ 446.12
8747	Battery 12 V/174 AH	1	\$ 170.00	24.00	\$ 40.80	\$ 129.20	\$ 129.20
8782	Backup Alarm	1	\$ 689.00	24.00	\$ 165.36	\$ 523.64	\$ 523.64
Standard Options Total			\$ 12,892.00		\$ 3,094.08	\$ 9,797.92	\$ 9,797.92
Technology Options/Non-Contract/Open Market							
1801	No AutoTrac™ Package	1	\$ 0.00	24.00	\$ 0.00	\$ 0.00	\$ 0.00
1880	Less Receiver	1	\$ 0.00	24.00	\$ 0.00	\$ 0.00	\$ 0.00
Technology Options Total			\$ 0.00		\$ 0.00	\$ 0.00	\$ 0.00
Value Added Services Total			\$ 0.00			\$ 0.00	\$ 0.00
Total Selling Price			\$	\$ 40,558.56	\$	\$	\$
			168,994.00			128,435.44	128,435.44

DIAMOND MOWERS DBM-C-N 22' Rear Cradle Boom, 50" Rotary Head, IBC

Selling Equipment

Quote Id: 29119218

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816-873-3385
hti@heritagetractor.com

Equipment Notes:
Hours: 0

Stock Number:
Contract: Sourcewell Ag Tractors 110719-JDC (PG 1P CG 70)

Price Effective Date:
Suggested List *

\$ 92,617.00

Selling Price *

\$ 72,241.26

* Price per item - includes Fees and Non-contract items

Code	Description	Qty	List Price	Discount%	Discount Amount	Contract Price	Extended Contract Price
1	22' Boom Mower with 50" Rotary	1	\$ 92,617.00	22.00	\$ 20,375.74	\$ 72,241.26	\$ 72,241.26
Additional Discounts							
Additional Discount Total					\$ 0.00	\$ -0.00	\$ -0.00
Total Selling Price			\$ 92,617.00		\$ 20,375.74	\$ 72,241.26	\$ 72,241.26

Extended Repair Plan Proposal

PowerGard™ Protection Plan Residential

Date : June 27, 2023

Machine/Use Information		Plan Description	Price	
Manufacturer	JOHN DEERE	Plan Type:	Deductible:	
Equipment Type	6130M TRACTOR	Coverage:	Quoted Price	\$ 0.00
Model	6130M TRACTOR	Total Months:		
		Total Hours:		

THIS PROPOSAL IS VALID FOR 30-DAYS FROM DATE ISSUED. GRACE pricing is offered only early during the Deere basic warranty period and has no surcharges. After this period, DELAYED PURCHASE pricing (surcharged) is offered later during the John Deere Basic Warranty. Many PowerGard quotes presented in the Delayed Purchase Period will require inspection/certification process and must also pass fluid testing. The Total Months and Total Hours listed above include the John Deere Basic Warranty terms (24 months / 2000 hours on Tractors, 24 months on Golf & Turf Products, 12 months for all AG Harvesting and Sprayer equipment, and 12 months/1000 hours on most Gator Utility Vehicles). "Limited" Plan coverage = Engine & Powertrain only. "Comprehensive" Plan coverage = Full Machine.

Proposal Prepared for:

I have been offered this coverage and

Customer Name - Please Print

☐ **I ACCEPT** the Residential plan

☒ **I DECLINE** the Residential plan

Customer Signature

If declined, I fully understand that my equipment listed above is not covered for repair expenses due to component failures beyond the original basic warranty period provided by John Deere.

Note : This is **not** a contract. For specific PowerGard™ Protection plan Residential coverage, please refer to the terms and conditions on John Deere's public website(www.JohnDeere.com) under Services & Support >Warranty > Extended Warranties > PowerGard protection plan Residential.

PowerGard™ Protection Plan Residential (Residential plan) is:

The PowerGard™ Protection Plan Residential is an extended repair plan that provides parts and labor coverage up to four years beyond the manufacturer's warranty. It is available on all riding lawn equipment, zero-turn radius mowers, utility vehicles, utility tractors and compact utility tractors. Your John Deere equipment will be in the hands of qualified, certified technicians from John Deere dealers using Genuine John Deere Parts.

Not covered under a Residential plan:

Residential plans do not cover routine maintenance services or items normally designed to be replaced by the purchaser due to normal wear and tear. They do not cover any product used for commercial or rental applications. They also do not cover repairs for damage from accident, misuse, fire, theft, or exposure to weather conditions such as lightning, hail, flood or water. See the actual PowerGard™ Protection Plan Residential Terms and Conditions for a complete listing of coverage, and limitations and conditions under the program.

Benefits of a Residential plan:

- Offer the choice of adding up to 4 years of repair coverage beyond the machine's factory warranty.
- Do not require preapproval before repairs are made by the authorized John Deere dealership.
- Is transferable by the original purchaser for the balance of the original agreement period.
- Ensures higher resale value and makes equipment more marketable during sale or trade-in.
- Comprehensive Plans:
 - No deductibles and no out-of-pocket costs on covered repairs.
 - Free transportation for factory warranty and extended repair plan repairs for the term of the plan (Note: A surcharge may apply for machines located outside of the dealership's normal service area).
- Limited Powertrain Plans:
 - Low deductibles on covered repairs
 - Do not provide transportation coverage

Finance Bulletin

US - Agriculture and Turf

L024-23U / Previous Bulletin Number: L022-23U



Municipal and Governmental Finance Options - REVISED

Note: 01APR23 - Rates Revised

Objective: Facilitate sales to qualified state or political subdivision entities.

Effective Date: 01 April 2023

Expiration Date: 30 April 2023

Eligible Equipment: New and Used Agriculture, Turf, Compact Construction, and Golf Equipment

Bulletin Detail:

Municipal Lease

The Municipal Lease is specifically designed for your customers who are a state or political subdivision thereof. The Municipal Lease allows terms up to 60 months and \$1.00 purchase option. The customer owns the equipment outright at the conclusion of the term.

Municipal Lease Rates	
Amount Leased	Rate
Up to \$150,000	6.95%
Greater than \$150,000	5.95%

John Deere Financial Municipal Lease Factors

Monthly Arrears

Lease Payments (Months)	5.95%	6.95%
12	0.08604	0.08650
18	0.05821	0.05866
24	0.04430	0.04475
30	0.03596	0.03641
36	0.03040	0.03085
42	0.02643	0.02689
48	0.02346	0.02392
54	0.02115	0.02162
60	0.01931	0.01978

Quarterly Advance

Lease (Months)	Lease Payments	5.95%	6.95%
12	4	0.25559	0.25653
24	8	0.13159	0.13271
36	12	0.09030	0.09150
48	16	0.06969	0.07095
60	20	0.05736	0.05865

Lease (Months)	Lease Payments	5.95%	6.95%
12	2	0.50742	0.50866
24	4	0.26124	0.26314
36	6	0.17927	0.18143
48	8	0.13836	0.14067
60	10	0.11387	0.11630

Annual Advance

Lease Payments (Months)	Lease Payments	5.95%	6.95%
24	2	0.51483	0.51732
36	3	0.35330	0.35668
48	4	0.27268	0.27656
60	5	0.22442	0.22863

Governmental Operating Lease

The Governmental Operating Lease is specifically designed for your customers who are a state or political subdivision thereof. The Governmental Operating Lease allows terms of 24-60 months and has a purchase option no greater than the published Residual Value from the New Equipment Lease or Used Equipment Lease bulletins. At lease maturity, the customer may return the equipment to John Deere Financial, purchase the equipment for the purchase option amount, or renew the lease.

Governmental Operating Lease Rates			
	EXEMPT	LEVEL 1	LEVEL 2
Governmental	7.25%	8.00%	8.75%

Governmental Agricultural Use Property Tax:	
Level 1	AL, AR, CA, CT, GA, IN, MO, MT, NM, NC, NV, OK, WY
Level 2	AZ, FL, MA, NE, VA, WA, WV
Exempt	All other states

Governmental Commercial Use Property Tax:	
Level 1	AL, AR, CA, CO, CT, GA, ID, IN, MI, MO, MS, MT, NC, NM, NV, OK, RI, TX, UT, WY
Level 2	AZ, FL, LA, MA, MD, NE, OR, SC, VA, WA, WV
Exempt	All other states

Governmental Operating Lease Residual Values: Refer to the John Deere Financial New Equipment Lease, Used Equipment Lease, CCE Low Rate Installment & Lease Options, or Golf Standard Rate Lease bulletins for all residual values. The bulletins can be found in the Ag Recap, CCE Recap or Golf Recap.

Administrative Notes:

1. Non-Appropriation of Funds Clause: Leases to government agencies must include a Non-Appropriation of Funds Clause that allows early termination of the lease and poses limits on future leases for the entity in the event of a non-appropriation of previously budgeted funds.
2. Political subdivisions may include counties, cities, school districts, water districts and other qualifying entities. Before the Municipal Lease may be booked, John Deere Financial must confirm that it will be allowed to exclude the interest income to be earned on the transaction from its gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code.
3. The Municipal Lease Rates are also available to qualified Native American Tribes using a special Native American Tribe Lease Agreement. Recognized Native American Tribes do not have a Non-Appropriations clause. John Deere Financial to confirm tribal eligibility.

5. John Deere Financial does not charge origination fees on municipal leases.
6. For direct sales, financing or leasing eligibility must be verified on the state contract.
7. State contract and special discount questions should be directed to Governmental Sales at 1-800-358-5010.
8. For rate buydowns or questions, please contact a John Deere Financial Credit Analyst at 1-888-777-2560.
9. All programs and conditions are subject to credit approval by John Deere Financial.

This information is proprietary and confidential to Deere & Company and is only approved to be used by its authorized dealers and distributors in facilitating customer sales. It cannot be disclosed to third parties in any form without Deere & Company's prior written consent.
