



## Board of Aldermen Request for Action

**MEETING DATE:** 7/16/2024

**DEPARTMENT:** Public Works

**AGENDA ITEM:** Resolution 1380, Authorizing the Mayor to sign Lease Purchase Agreement for a John Deere 331G Compact Track Loader.

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### **REQUESTED BOARD ACTION:**

A motion to approve Resolution 1380, authorizing the Mayor to sign a lease agreement utilizing the Sourcewell cooperative purchasing agreement for a 2024 John Deere 331G Compact Track Loader.

### **SUMMARY:**

The FY24 Budget allocates \$29,250 in the General Fund for the purchase of a 2019 John Deere 330G skid steer currently leased from Heritage Tractor. This skid steer is essential equipment used by the Streets Division for various tasks, including pothole and asphalt patching, operation of the milling machine, grading, spreading dirt and gravel, using the grapple bucket, and loading salt. It also serves to load and unload pallets with its fork attachment.

The City has leased this equipment since 2019, with the lease set to end in September 2024. There is an option for the city to purchase the equipment for \$29,250. However, due to exposure to salt during winter months, the equipment has deteriorated and shows signs of rust. Additionally, the skid steer will soon need new tires and other maintenance. City staff has been working with Heritage Tractor to explore option for leasing a new piece of equipment.

A new lease for a 2024 John Deere 331G compact track loader for 5 years will cost \$12,660.67 per year, with a purchasing option at the end of the lease for \$51,829.14. Considering the typical wear and tear this equipment undergoes, staff recommends continuing leasing rather than purchasing outright. Staff will assess the equipment's condition at the end of the lease and provide a recommendation to the board accordingly.

The City's Municipal Code, Chapter 150 – Purchasing Policy, Section 150.080.C., authorizes staff to utilize cooperative purchasing agreements. Sourcewell, of which the City is a member, holds a competitive contract with Heritage Tractor for a skid steer that meets the City's needs. City staff recommend approving the five-year lease option with Heritage Tractor. The bid includes an outright purchase price of \$84,350 and a five-year lease option at \$12,660.67 per year (\$63,330 total over five years). The five-year lease option includes a purchase option at the end of the lease for \$51,829.14.

At the end of the five-year lease, City staff will evaluate the purchase option provided in the lease agreement, as well as consider new purchase or lease agreements.

**PREVIOUS ACTION:**

On September 17, 2019, the board approved Resolution 737 authorizing the City to enter into a lease purchase agreement for a Uni-Loader

**POLICY ISSUE:**

Maintaining infrastructure

**FINANCIAL CONSIDERATIONS:**

None

**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: <a href="#">Lease Agreement</a> |                                   |

## **RESOLUTION 1380**

### **A RESOLUTION AUTHORIZING THE MAYOR TO SIGN A LEASE AGREEMENT UTILIZING THE SOURCEWELL COOPERATIVE PURCHASING AGREEMENT FOR A JOHN DEERE 331G COMPACT TRACK LOADER**

**WHEREAS**, the City utilizes a loader for various public works tasks, including snow removal, pot hole patching, and other maintenance activities; and

**WHEREAS**, the current John Deere 330 Skid Steer leased from John Deere has deteriorated due to exposure to salt; and

**WHEREAS**, the Fiscal Year 2024 Budget allocated \$29,250 for purchasing the leased loader for the Public Works (Street) Department; and

**WHEREAS**, the City Code Section 105.080.C authorizes staff to utilize cooperative purchase agreements; and

**WHEREAS**, Staff has recommended a five-year lease agreement with Heritage Tractor through the Sourcewell cooperative purchasing agreement for a John Deere 331G Compact Track Loader.

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

**THAT** the Mayor is hereby authorized and directed to execute a five-year lease agreement with Heritage Tractor for the John Deere 331G Compact Track Loader in the amount not to exceed \$12,660.67 annually.

**PASSED AND ADOPTED** by the Board of Aldermen and **APPROVED** by the Mayor of the City of Smithville, Missouri, the 16<sup>th</sup> day of July, 2024.

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Damien Boley, Mayor

ATTEST:

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Linda Drummond, City Clerk