

PUBLIC WORKS AND UTILITIES COMMITTEE

10-0246R

RESOLUTION AUTHORIZING A 54-MONTH CONTRACT WITH NORTRAX EQUIPMENT COMPANY FOR THE LEASE OF 16 JOHN DEERE MODEL 772G MOTOR GRADERS IN THE AMOUNT OF \$333,360.40 PER YEAR AND A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$1,666,802.

CITY PROPOSAL:

RESOLVED, that city officials are hereby authorized to enter into a 54-month contract with Nortrax Equipment Company for the lease of 16 John Deere Model 772G motor graders beginning with the first winter season of November 1, 2010, through April 30, 2011, in accordance with vendor specifications and quote of \$311,916.16 plus \$21,444.24 sales tax for a total amount of \$333,360.40, terms advance payment, FOB destination, and payable from General Fund 110, Department/Agency 121, Organization 1217-2140, Object 5415; and continuing for five winter seasons for a total contract amount not to exceed \$1,666,802.

Approved:

Approved for presentation to council:

Director, Public Administration
Purchasing Agent ____
Fleet Services ____

Chief Administrative Officer

Approved as to form:

Approved:

Attorney

Auditor

STATEMENT OF PURPOSE: This resolution authorizes the lease of 16 John Deere motor graders from Nortrax Equipment Company for five winters seasons at an amount of \$333,360.40 per year and a total contract amount not to exceed \$1,666,802, payable from the general fund. This amount includes additional options of front fenders and hydraulic stiff arm on wing for each grader.

The purchasing division posted a request for bids on the website March 9, 2010, and received four bids by the April 6, 2010, closing date. The city of Duluth minimum specifications stated that the basic cost of one new or used grader would be part of determining the costs of the grader award, but not the sole determining factor.

City personnel from fleet services and maintenance operations carefully reviewed the bids received and determined that Nortrax Equipment Company had the best offer for the lowest cost. They based this decision (using 16 graders) on the potential cost savings of \$59,603.84 annually and \$298,019.20 over five years when comparing Nortrax's 54-month option and Ziegler's offer.

The new contract with Nortrax Equipment Company will also be \$21,103.52 less than our present contract with Ziegler-Caterpillar. Ziegler-Caterpillar is \$354,463.92 annually and Nortrax will be \$333,360.40 annually - a savings of \$21,103.52 annually or \$105,517.60 over five years.

MOTOR GRADER LEASE Bid No. 10-07DS; Requisition 10-0273 Bids Opened April 6, 2010			
Vendor	City/State	Base Bid to Lease One Grader	
		1 Year	5 Years
Nortrax Equipment Company (54 month option)	Duluth, MN	\$18,702.76	\$93,513.80
Nortrax Equipment Company (60 month option)	Duluth, MN	\$21,229.64	\$106,148.20
Ziegler, Inc.	Duluth, MN	\$22,428.00	\$112,140.00
Nuss Truck & Equipment	Duluth, MN	\$39,242.76	\$196,213.80