

PUBLIC WORKS AND UTILITIES COMMITTEE

10-0344R

RESOLUTION INCREASING THE ORIGINAL PURCHASE ORDER WITH NORTRAX EQUIPMENT COMPANY BY LEASING FOUR ADDITIONAL JOHN DEERE MODEL 772G GRADERS FOR AN ADDITIONAL AMOUNT OF \$58,148.55 THE FIRST WINTER SEASON, AND \$83,340.10 FOR EACH OF THE SUCCEEDING FOUR WINTER SEASONS FOR A TOTAL INCREASE OF \$391,508.95 AND A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$2,058,310.95.

CITY PROPOSAL:

RESOLVED, that the original purchase order with Nortrax Equipment Company is hereby increased by leasing four additional John Deere Model 772G graders for an additional amount of \$58,148.55 the first winter season, and \$83,340.10 for each of the succeeding four winter seasons for a total increase of \$391,508.95, terms advance payment, FOB destination, and payable from General Fund 110, Department/Agency 121, Organization 1217-2140, Object 5418.

Approved:

Approved for presentation to council:

\_\_\_\_\_  
Director, Public Administration  
Purchasing Agent \_\_\_\_  
Manager Maintenance Operations/Fleet/Other \_\_\_\_

\_\_\_\_\_  
Chief Administrative Officer

Approved as to form:

Approved:

\_\_\_\_\_  
Attorney

\_\_\_\_\_  
Auditor

STATEMENT OF PURPOSE: This resolution authorizes the lease of four additional John Deere Model 772G motor graders for \$58,148.55 the first winter season, and \$83,340.10 for each of the succeeding four winter seasons for a total increase of \$391,508.95, payable from the general fund.

At present, the city's twenty motor graders are not on the same lease. City records include the following:

- (a) A lease agreement with Nortrax Equipment Company for sixteen Model 772G motor graders. This lease was approved by the city council's passage of Resolution 10-0246 on May 10, 2010.
- (b) A lease agreement (Contract 20302) with John Deere Credit for four existing John Deere Model 772D motor graders.

Nortrax Equipment Company proposes to buy out the city's lease on the four John Deere Model 772D motor graders and replace them with four new John Deere Model 772G motor graders in October of 2010. The city would continue the payment of \$54,408 for the first winter season, and then increase to the 2010 bid amount of \$77,979.04 for the remaining four winter seasons. The city will receive the savings from the last year of Contract 20302. All 20 motor graders will then be on the same long term lease.

It is recommended that the city exercise the option to terminate the previous lease agreement with John Deere Credit, Contract 20302, for four John Deere Model 772D motor graders and increase Purchase Order No. 2010-00000273 with Nortrax Equipment Company based on Bid #10-07DS.

Nortrax Equipment Company, Duluth, Minnesota, is a local dealer for John Deere equipment.

Requisition No. 10-0273