



COMMITTEE OF THE WHOLE

RFD#

Date:

TO: Mayor Kogon and Members of Amherst Town Council

SUBMITTED BY: Jason MacDonald, Deputy Chief Administrative Officer

DATE: February 4, 2019

SUBJECT: **Purchase of a Backhoe**

ORIGIN: 2019/20 Water Utility Capital Budget Item.

LEGISLATIVE AUTHORITY: 37000-01 Procurement Policy and the MGA, Section 65 (z)
Power to expend money states: *"The council may expend money required by the municipality for...water"*.

RECOMMENDATION: That \$150,000 be allocated in the 2019/20 water utility capital budget to purchase a new four-wheel drive backhoe loader.

BACKGROUND: The 2014 John Deere 410K backhoe loader is currently being leased and the lease term end on February 2, 2019. The leasing terms have been extended temporarily until a replacement Backhoe is tendered. The vehicle replacement plan indicates that this machine should be replaced in 2019. Repair costs to keep this machine operating for the last 3 years were \$17,917 compared to \$2,661 for our 2015 backhoe. Over the last few years we have experienced issues with sudden loss of power to the hydraulic system as well as the machine shutting off for no reason. The seller of the machine has been in to troubleshoot these issues periodically with limited success.

DISCUSSION: Replacing the backhoe loader will enable the Town to continue to provide safe and reliable vehicles for our employees to carry out their duties. It will also improve operational efficiencies by replacing an aging unit with a new model reducing the likelihood of mechanical failure. The Town of Amherst Water Department requires a backhoe loader to continue to provide construction site excavation, clear snow from hydrants, and material loading for water maintenance projects. Backhoes are considered the workhorse of our operations and their reliability is vital to provide quality services to our residents.

FINANCIAL IMPLICATIONS: \$150,000 to be included in the 2019/20 water utility capital budget. The RFP for the purchase of the Backhoe will request pricing for both the lease and purchase option, although based on prior purchases it is likely the purchase option will be most beneficial to the Town. See attached information on prior lease versus purchase options.

COMMUNITY ENGAGEMENT: No community engagement has been contemplated as this time.



ENVIRONMENTAL IMPLICATIONS: All new backhoes come standard with tier 4 final emission certified diesel engines. Tier 4 final diesel engines reduce emissions by over 90% as compared to previous emissions standards on older machines.

SOCIAL JUSTICE IMPLICATIONS: There are no social justice implications to the purchase of a new loader.

ALTERNATIVES: Purchase the existing backhoe at a price of \$51,300 as stipulated in the lease documents. This is not recommended as the current machine is requiring significant repair and having a reliable vehicle is critical to the operation.

ATTACHMENTS: Tier 4 Diesel Engine Information; CDR and analysis on purchase vs lease for previous Backhoe.

Report prepared by: Jason MacDonald, Deputy CAO

Report and Financial approved by: