



BRECKENRIDGE CITY COMMISSION  
**AGENDA SUMMARY FORM**

**Subject:** Discussion and any necessary action regarding the lease purchase of two backhoes for Public Works

**Department:** Administration

**Staff Contact:** Cynthia Northrop

**Title:** City Manager

---

**BACKGROUND INFORMATION:**

The City uses our backhoes daily in several capacities including:

1. Fix water and wastewater lines
2. Open/cover street repairs
3. Demo of substandard buildings

The city currently owns one Case backhoe (2008) and one Warren Cat backhoe (2013). Both have reached their end of life. The replacement of both backhoes was budgeted in FY 2023-2024. We were aware that the replacement equipment would not be available until sometime in early 2024. We have been advised that it looks like they will be available at the end of January 2024. Ahead of budget we received pricing from three suppliers of heavy machine dealers including Warren Cat, John Deer, and Case for purchase options and lease-to-own options, all of which are on Buy Board and meet city purchasing requirements, and selected Case lease to purchase.

The lease-to-purchase program will be for two Case 4WD 580N Backhoes with an extended hoe.

Case Backhoe	\$ 104,500 each
Trade in	\$ 30,000 each
Cost	\$74,500 each
Monthly Payment	\$ 1,231.25 each
Annual (5-year)	\$14,775 each

The lease purchase gives us the option to purchase at the end or trade back in and initiate a new lease purchase agreement. The benefit of the lease purchase minimizes ongoing maintenance and repair costs. Both backhoes will have a full warranty and service agreement.

**FINANCIAL IMPACT:**

This was a budgeted expense.

**STAFF RECOMMENDATION:**

Consider approval of lease/purchase agreement as presented and authorize the City Manager to execute the documents.