

MEMORANDUM

DATE: September 3, 2025
TO: Melissa R. Marsh, City Manager
FROM: Sean P. Ballantine, Director of Public Services
SUBJECT: Scheduled Replacement of Backhoe #455

The approved FY 2025-26 Budget includes funding for the scheduled replacement of Backhoe #455, a 2006 John Deere, funded through the Water and Sewer Division. This machine is approaching 20 years of age, and has a poor condition analysis score of 33, warranting priority replacement.

An additional consideration to this purchase is the replacement of Backhoe #407, a 2004 CAT funded through the Streets Division. This unit has an extremely poor condition analysis score of 46, also warranting priority replacement. As with any purchase, Staff evaluates the best and most efficient use of resources to determine the appropriate course of action. Operationally, the department no longer needs two of these machines, and would instead opt to trade them both in and purchase one replacement, instead of attempting to replace #407 at a later date. Along the same line, this machine is also equipped to replace a third piece of equipment, the aging concrete breaker, which will be auctioned off separately.

The machine provided by MacAllister CAT was extensively demoed by DPS staff, and thoroughly inspected by our mechanics. It is our determination that this machine would well suit the needs of this department. MacAllister was the most responsive of the potential dealers contacted, and are offering a generous trade-in on our two machines, significantly more than we would expect to receive at auction.

Having considered multiple options both in the type of machine and the operational requirements of the department. Staff recommends that Council consider the following motions:

To award the purchase of one Caterpillar 420 XE Backhoe as quoted to MacAllister CAT of Novi, in the amount of \$176,611.83, through the Sourcewell cooperative purchasing agreement.

To approve the trade-in of Water/Sewer Unit #455 for \$30,000 and Streets Unit #407 for \$20,000, reducing the total cost of the replacement vehicle to \$126,611.83.

To approve the transfer of \$20,000 from the Water and Sewer Fund to the Streets Fund to account for the cross-departmental trade-in value.

City of Madison Heights
Department of Public Services
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