



## AGENDA ITEM ANALYSIS

Project/Issue Name: 21-17 An Ordinance of the City Council of the City of Republic, Missouri, Authorizing the City Administrator to Enter into an Agreement with Berry Tractor and Equipment for the Purchase of a 2018 Komatsu Excavator and a 2016 Komatsu Dozer and Further Authorizing the City Administrator to Execute the Necessary Documents to Obtain Financing on Said Equipment from Bank of Missouri.

Submitted By: Jason Davis, Operations Manager and Debbie Parks, Finance Director

Date: March 23, 2021

### Issue Statement

The City of Republic BUILDS Department would like to purchase for 90% rental credit a 2018 Komatus PC240LC-11 Excavator in the amount of \$135,835.00 and 2016 Komatsu D39PXi24 Dozer in the amount of \$76,230.00 from Berry Tractor for the total amount of \$212,065.00.

### Discussion and/or Analysis

#### **Introduction.**

The BUILDS Department has the opportunity to purchase a 2018 Komatus PC240LC-11 Excavator and 2016 Komatsu D39PXi24 Dozer that we are currently renting from Berry tractor and using on major projects within the City. The two pieces of equipment have been essential in accomplishing projects like, Valley Trails Phase I, Garton Business Park Phases 2-5, Water main extension for the future new Early Childhood Building for the School, OTC Water Main Extension, The new Lift Station #2, Convoy of Hope and Amazon as well as others.

Although these are used equipment, most of the work hours were put on by the City's Utility and Street crews. The Excavator has 1394.5 hours, and the Dozer has 1289.2 hours. We have been renting this equipment for over a year and on the Excavator almost 2 years. This equipment is essential for even more future project.

Here are some comparable quotes on this equipment.

Excavator	Dozer
2018 Komatsu PC 240LC -11, <b>\$159,000</b> from Komatsu Southwest in Carlsbad, NM	2016 Komatsu D39PX, <b>\$94,000</b> from Komatsu America Corp. in Harrisburg PA
2021 Komatsu PC 240LC -11, <b>\$243,314</b> from Berry Tractor in Springfield, MO	2016 Case 750M LT, <b>\$83,000</b> from Wilson Equipment in Lexington KT
2020 John Deere 250G LC, <b>\$272,500</b> from Murphy Tractor in Republic, MO	2017 CAT D3K2 XL, <b>\$105,000</b> from Earthmoving in Alma AR



**Discussion.**

The City of Republic obtained quotes for financing from several banks, including the equipment rental company Berry Tractor.

The City received the following quotations for terms:

Bank of Missouri	1.40%	4 Years
US Bank	1.65%	3 Years (only submitted 3 year)
First State Community Bank	2.08%	4 Years
Mid Missouri Bank	2.40%	4 Years
Berry Tractor	3.25%	4 Years

The Builds Department had budgeted in the 2021 budget for the purchase of the purchase of the excavator and dozer. The amount was budgeted at \$240,000 split between the 3 PW funds (Streets, Water, Wastewater). No budget amendment is required for this item. The use of financing over a term of 4 years, allows the City to utilize cash for infrastructure and transportation improvements in 2021 & 2022. The above terms are all for bank qualified financing, meaning that the City will not issue more than \$10 million in debt in 2021. Based on the submitted term, the Finance Department recommends proceeding with the Bank of Missouri for financing. The letter of terms and amortization schedule are attached to this exhibit. There is no prepayment penalty.

As required by law, the City can demonstrate the availability of unrestricted funds in the three PW funds to cover the future year payments should there be a downturn in revenues. The unrestricted fund cash balances projected at the end of 2021 as outlined in the adopted 2021 Budget are below:

Fund	Unrestricted Balance Projected 2021 Year End
Streets	\$620,445
Water	\$423,286
Wastewater	\$349,393

**Recommended Action**

Staff recommends that City Council award the purchase of the 2018 Komatus PC240LC-11 Excavator in the amount of \$135,835.00 and 2016 Komatsu D39PXi24 Dozer in the amount of \$7,230.00 from Berry Tractor for the total amount of \$212,065.00.

Staff recommends that City Council allow the City Attorney and City Administrator to enter contract negotiations for financing with the Bank of Missouri for a term of three (3) years.