



TO: Mayor Shaun Sipma
Members of the City Council

FROM: Jason Sorenson

DATE: April 4, 2022

SUBJECT: SKID STEER LOADER TRADE – BUDGET AMENDMENT

I. RECOMMENDED ACTION

1. Recommend council approve a budget amendment to the 2022 Water and Sewer Departments budgets for the purchase of two new skid steer loaders.

II. DEPARTMENT CONTACT PERSONS

Dan Jonasson, Director of Public Works	857-4140
Jason Sorenson, Assistant Director of Public Works	857-4140

III. DESCRIPTION

A. Background

Over the past few years Public Works has bid multiple skid steers with a guaranteed annual trade amount. This program helps the departments be more productive by having a new machine under warranty with minimal downtime for repairs. The trade deals work out to a rate of \$5-\$11 per hour which is less than typical rental rates for a similar piece of equipment.

B. Proposed Project

The Water and Sewer Departments each have a skid steer that are traded annually. Each year in the budget the full value of the new loader is entered under capital purchases, and there is an offsetting income item for the trade-in. When the 2022 budget was put together, the machine numbers were increased to cover annual price increases, but they weren't increased high enough. The net payment for the Sewer Department is the same as last year at \$3,000. The payment for the Water Department machine is higher at \$17,732 due to upgrading to a tracked skid steer.

C. Consultant Selection

N/A

IV. IMPACT:

A. Strategic Impact:

New machines with full warranty will have more up time, allowing the crews to be more productive. This will generally lead to being able to get more work done instead of working on equipment that needs repairs.

B. Service/Delivery Impact:

N/A

C. Fiscal Impact:

Project Costs

Water Department

2022 Budgeted Amount	\$60,000.00
2022 track skid steer cost	\$66,023.00
<u>Trade in for 2021 skid steer</u>	<u>(\$48,291.00)</u>
Net Cost	\$17,732.00

Sewer Department

2022 Budgeted Amount	\$46,000.00
2022 track skid steer cost	\$51,291.00
<u>Trade in for 2021 skid steer</u>	<u>(\$48,291.00)</u>
Net Cost	\$3,000.00

Project Funding

Funding for both machines was included in the 2022 budgets, but machines costs came in higher than expected. A budget amendment is needed to allocate additional funds to cover the costs. The shortfall of \$1,732 will be funded from Water/Sewer/Storm Sewer cash reserves.

V. ALTERNATIVES

Council could elect to not approve the budget amendments. If that is the case the machines will continue to be used and looked at next year for trade-in. The machines will have more hours and will lead to higher out of pocket costs next year.

VI. TIME CONSTRAINTS

N/A

VII. LIST OF ATTACHMENTS

1. Budget Amendment