



Detroit Water and Sewerage Department

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Legislation Text

File #: 19-00252, **Version:** 1

The Board of Water Commissioners for the City of Detroit, Water and Sewerage Department authorizes the Director to **approve the equipment and service contracts and purchase orders described in Agenda Item 19-00252 with Caterpillar (CAT) equipment**, and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

TO: The Honorable
Board of Water Commission
City of Detroit, Michigan

FROM: Gary Brown, Director
Water and Sewerage Department

RE: Agenda Item 19-00252 - purchase of equipment, maintenance & repair services, and equipment rental services from Michigan CAT, a division of, MacAllister Machinery Co., Inc.

Finance Committee Date: September 4, 2019

BOWC Date: September 18, 2019

Requested Contracts: 6002340 & 6002261 and
Requested Purchase Orders: 3036641 & 3036950

Proposed Supplier: Michigan CAT, a division of
MacAllister Machinery Co., Inc.,
24800 Novi Rd, Novi, MI 48375

MOTION

Upon recommendation of Mamata Burgi, Procurement Manager, the Board of Water Commissioners for the City of Detroit, Water and Sewerage Department authorizes the Director to **approve the equipment and service contracts and purchase orders described in Agenda Item 19-00252 with Caterpillar (CAT) equipment**, and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND & JUSTIFICATION

DWSD uses Caterpillar (CAT) brand equipment such as backhoes, front and back end loaders and mini-excavators on a regular basis to excavate water main breaks and to service lines, sewers and repair basins. The Maintenance and Repair Division (M&R) utilizes 8 to 10 backhoes on a daily basis (2 for each of the 5 yards),

but currently only has a fleet of six. In addition, there is also a need for a mini-excavator from time to time, but M&R does not currently own one. DWSD's fleet is mostly comprised of CAT products, which are only sold and maintained through Michigan CAT, a division of, MacAllister Machinery Co., Inc. Michigan CAT is the sole provider for the purchase and maintenance repairs of Caterpillar brand equipment for the entire State of Michigan.

In order to increase the number of DWSD's fleet of CAT equipment, the M&R is requesting multiple agreements with Michigan CAT for the purchase of new backhoes, the rental of CAT equipment on an as-needed basis in the event equipment is down for repair or additional equipment is needed that is not owned by DWSD, and for preventative maintenance and as-needed parts and repairs of DWSD owned CAT equipment. The ability to rent replacement equipment while DWSD owned equipment is out of service, or if specialized equipment not owned by DWSD is needed, is critical to meeting customer service and operational performance standards. The requested purchases are itemized below:

EQUIPMENT PURCHASES

- Purchase Order No. 3036641 - purchase of **four CAT backhoe loaders** with hammers in the amount of \$434,472.
- Purchase Order No. 3036950 - purchase of **one CAT backhoe loader** (without hammer) in the amount of \$150,119.

REPAIR & MAINTENANCE SERVICES

- Contract No. 6002261 - purchase of **OEM parts, repairs and maintenance** of DWSD owned CAT equipment for a term of two years with a total amount not-to-exceed \$400,000.

EQUIPMENT RENTAL SERVICES

- Contract No. 6002340 - **rental of as-needed CAT equipment** for a term of 1 year with a total amount not-to-exceed \$200,000.

PROCUREMENT METHOD

Michigan CAT, a division of MacAllister Machinery Co., is the only authorized supplier of Caterpillar (CAT) brand equipment, OEM parts, repairs and rentals for the entire State of Michigan. Although these purchases are sole sources, Michigan CAT has extended the State of Michigan MiDeal cooperative pricing (Contract No. 071B77000984) to DWSD, which provides discounts of up to 20% off retail prices.

SUMMARY

A. Contract Purpose: Preventative maintenance, **OEM parts and repair services** of DWSD owned CAT equipment.

B. Contract Number: 6002261

- C. Contract Term: 10/1/2019 - 9/30/2020 (2 years)
- D. Contract Amount: \$400,000
- E. Funding Source: O&M
- F. GL Strings: 5720-20167-482422-622100-000209-10731-0000-000000 - 30%
5820-20178-492422-622100-000230-15956-0000-000000 - 70%
- G. Projected Fiscal Year (FY) Contract Expenditures:
FY 20: \$200,000 FY 21: \$200,000

- A. Contract Purpose: CAT **equipment rental services** on an as-needed basis.
- B. Contract Number: 6002340
- C. Contract Term: 10/1/2019 - 9/30/2020
- D. Contract Amount: \$200,000
- E. Funding Source: O&M
- F. GL Strings: 5720-20167-482431-626435-000209-10680-0000-000000 - 53%
5820-20178-492431-626435-000230-15826-0000-000000 - 47%
- G. Projected Fiscal Year (FY) Contract Expenditures:
FY 20: \$150,000 FY 21: \$50,000

- A. Purpose: Purchase of **four CAT backhoe loaders** with hammers
- B. PO Number: 3036641
- C. Term: One-Time Purchase
- D. Contract Amount: \$434,472
- E. Funding Source: O&M
- F. GL Strings: 5720-20167-482431-626435-000209-10680-0000-000000 - 53%
5820-20178-492431-626435-000230-15826-0000-000000 - 47%
- G. Projected Fiscal Year (FY) Contract Expenditures:
FY 20: \$434,472

- A. Purpose: Purchase of **one CAT backhoe loader** (without hammer)
- B. PO Number: 3036950
- C. Term: One-Time Purchase
- D. Contract Amount: \$150,119
- E. Funding Source: O&M
- F. GL Strings: 5721-20244-487711-644121-004104-30129-0000-000000 - 50%
5821-20243-497711-644121-004105-30129-0000-000000 - 50%
- G. Projected Fiscal Year (FY) Contract Expenditures:
FY 20: \$150,119

Proposed Contracts 6002261 & 6002340 and Purchase Orders 3036641 & 306950 were presented to the Finance Committee on September 4, 2019. Per the DWSD Procurement Policy, none of these items require additional approvals.