



STAFF REPORT

DATE: April 7, 2021

TITLE: Golf Backhoe Loader Replacement

RECOMMENDATION:

By Motion:

1. Approve the replacement purchase of a new Caterpillar (CAT) 420-07C Backhoe Loader for purchase price of \$123,253 to replace the 1995 416B Backhoe Loader unit utilizing Replacement Reserve Funds.
2. Increase the Replacement Reserve Fund amount for the Caterpillar 420-07C Backhoe Loader from \$90,000 to \$123,253 and accelerate the purchase from 2027 to 2021.

BACKGROUND:

The backhoe loader is one of the most utilized pieces of equipment for golf maintenance and is essential to the golf course operation year-round. Additionally, it is used by multiple departments in Tahoe Donner including Forestry, Building Maintenance, Downhill Ski, and Marina. During the summer of 2020, the Tahoe Donner-owned 1995 416B Backhoe Loader encountered a major maintenance failure. A backhoe rental was secured to provide for continuation of golf course maintenance activities in fall 2020 and again in spring 2021 to allow for solicitation of replacement and repair estimates.

The 1995 416B Backhoe Loader is a component listed in the Replacement Reserve Study. Based on inspection and recommendation by the golf course superintendent during annual budget cycles, the equipment replacement was deferred in 2014 and again in 2017, extending its replacement on the reserve study to 2027.

An inspection and diagnosis of the 1995 416B Backhoe Loader was completed in the fall of 2020 by the Cashman Equipment Servicing Department. The total repair amount to bring the machine into working order is \$42,124. Staff determined the repair cost is higher than the value of the backhoe once repaired, and it has exceeded its useful life. The trade-in value of the backhoe in its current condition is \$6,000.

ANALYSIS:

After receipt of the repair quote staff requested bids for replacement of the unit. The following options were considered for backhoe loaders meeting the necessary specifications:

Purchase of a new CAT 420-07C Backhoe Loader:	\$129,253
Purchase of a new John Deere 310SL Backhoe Loader:	\$129,630
Purchase of a new CASE 590 SN 4WD Backhoe Loader:	\$143,072
Purchase of a 2019 used CAT 420F2 Backhoe Loader (with 730 hours of rental use):	\$107,229

Staff recommendation is to purchase the new CAT 420-07C Backhoe Loader and trade in the 1995 416B Backhoe Loader (worth \$6,000) for a total cost of **\$123,253**.





FISCAL IMPACT:

The 1995 backhoe component is budgeted in the Replacement Reserves Fund for \$90,000 and is currently scheduled for replacement in 2027.

The total expenditure recommendation is **\$123,253**. Additional Replacement Reserve Funds in the amount of **\$33,253** will be required.

ALTERNATIVE:

The Board of Directors has several alternatives they can consider:

1. Continue renting the backhoe unit on a monthly basis at the rate of \$3,857.86/month and budget for replacement in 2022. This would result in a 2021 unbudgeted rental expense of \$31,000. This alternative is not recommended due to the accrual of an unbudgeted operational expense.
2. Consider repairing the Tahoe Donner-owned 1995 416B Backhoe Loader. This alternative is also not recommended due to the unit exceeding its useful life and valuing less than the repair amount once repaired.
3. Purchase the used CAT 420F2 Backhoe Loader (with 730 hours of use as a rental) and reduce the replacement purchase expense. This alternative is not recommended due to a limited one-year warranty, multiple rental users and no knowledge of equipment history.

ATTACHMENTS:

1. New CAT 420-07C Backhoe Loader from Cashman Equipment Co., Quote 131477-01

Prepared by: Kevin Kuehne, Golf Course Maintenance Superintendent

Reviewed by: Annie Rosenfeld, Director of Risk Management and Real Property

Reviewed by: Jon Mitchell, Director of Capital Projects

Board Meeting Date: April 23, 2021

General Manager Approval to Place on the Agenda: _____

