

## ORDINANCE NO. 2177

AN ORDINANCE OF THE CITY OF SALISBURY APPROVING AN AMENDMENT OF THE FY 12 GENERAL FUND BUDGET TO APPROPRIATE ADDITIONAL FUNDS FOR THE LEASE/PURCHASE OF A FRONT-END LOADER.

WHEREAS, the City of Salisbury Department of Public Works has two front-end loaders for materials handling, assisting in street repairs, repairs to water main breaks, emergency response to severe weather events and in other daily facilities maintenance activities; and

WHEREAS, the engine in the 1988 Fiat Allis front-end loader has been severely damaged and is in need of extensive repairs or replacement; and

WHEREAS, it is critical to the effectiveness of the Department of Public Works to have a backup front-end loader with winter months approaching; and

WHEREAS, the Department of Public Works proposes to lease/purchase a new front-end loader at a cost of \$147,000 as a better use of taxpayer money than to fund repairs to a 23-year old piece of equipment; and

WHEREAS, the FY12 approved budget does not include \$147,000 for the lease/purchase of a new front-end loader.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SALISBURY, MARYLAND that the City's Fiscal Year 2012 General Fund budget be and are hereby amended as follows:

- 1) Increase General Fund Revenue Capital lease proceeds - \$147,000 (01000-469311)
- 2) Increase General Fund Current Surplus Available - \$21,000 (01000-469810)
- 3) Increase General Fund Streets & Lighting - \$168,000

BE IT FURTHER ORDAINED that this Ordinance shall take effect from and after the date of its final passage.

THIS ORDINANCE was introduced and read at a special meeting of the Council of the City of Salisbury held on the 7<sup>th</sup> day of November, 2011, and thereafter, a statement of the substance of the Ordinance having been published as required by law, was finally passed by the Council on the 14<sup>th</sup> day of November, 2011.

ATTEST:

  
Brenda J. Colegrove, City Clerk

  
Terry E. Cohen, President  
Salisbury City Council

Approved by me this:

15<sup>th</sup> day of November, 2011

  
James Hefon, Jr., Mayor

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**OFFICE**

**MEMO**

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## Department of Pubic Works

**To:** John Pick, City Administrator  
**From:** Teresa Gardner, Public Works Director *TG*  
**Subject:** Purchase of Loader  
**Date:** October 28, 2011

Public Works currently has two loaders that are used for daily operations. The loaders stockpile materials, assist in street repairs, place millings, remove trees and debris, assist with water and sewer main breaks, clear snow in the parking lots, clear snow drifts on roadways and other daily maintenance activities. The loaders can run up to 40 hours at a time during weather events. The 2000 John Deere (444H), 2 yard bucket loader, had 5,800 hours at the last service. One hour is equivalent to 50 miles; therefore, the John Deere loader has 290,000 miles. The 1988 Fiat Allis (FR12B), 3 yard bucket loader, had 7,671 hours (383,550 miles) at its last service.

The 1988 Fiat Allis loader has blown a motor. Parts are scarce, or non-existent, and come at a premium. Our vendor was able to find a new motor that will come from Italy. The total cost for the parts and labor for the new motor is \$16,435. Delivery of the parts would take about 45 days. We would need to lease a replacement loader until the repair is complete. A three month rental would total \$14,100. Therefore, the total cost for the new motor and rental would be \$30,535. The loader has also had transmission issues. If a new transmission was needed, an additional \$20,000 would be required. The loader is at the end of its useful life so we are concerned about making this much of an investment in the repair. It would also be difficult for our FY12 budget to handle these costs. A replacement for the loader is proposed for FY13 but we can't afford to operate with one loader, especially during winter and spring weather events.

Based on the daily need of the loader, we have taken into consideration all options. The following is a brief description of the options:

- a. We can rebuild the motor and do a three month lease for a loader at a cost of \$24,900.00 (limited warranty);
- b. We can buy a new motor (2 year warranty) and do a three month lease for a loader at a cost of \$30,535.00;
- c. We can purchase a new loader and get it next week for \$134,520.82-which would mean a budget amendment for the entire amount and expending the whole amount; or,

- d. We can lease/purchase a new loader at a cost of \$147,000 (a cost of \$21,000.00 per year for the next 7 years)-which would mean a budget amendment for the entire amount and expending \$21,000 this year.

Finance and Purchasing's recommendation would be to lease/purchase the loader. Public Works does not have the money and it would be difficult for us to come up with all the dollars for any of the available options, which means a budget amendment will need to be done and go before Council for approval. The loader is used for General Fund and Water/Sewer work; therefore, the cost could be split between funds.

We need a loader for the upcoming season so if we lease one with the premise that we will fix the current loader there are several variables that concern us. The money for the lease will disappear and will be lost to the City. If we fix the loader and then the transmission breaks down or any other parts need to be repaired, we are in the same scenario sinking more money into a piece of equipment that is at the end of its useful life. We therefore request that permission be granted to pursue option C or D. Thank you for your consideration on this urgent matter.

cc: James Ireton, Jr.  
Gerri Moore  
Catrice Parsons

## Brenda Colegrove

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**From:** John Pick  
**Sent:** Thursday, November 03, 2011 8:50 AM  
**To:** Brenda Colegrove  
**Cc:** Teresa Gardner; Dale Pusey; Gerri Moore  
**Subject:** Budget Amendment - Loader  
**Attachments:** budget amendment loader 1102211.doc

Brenda – attached is the budget amendment for the Loader. Please use the original cover memo.

John Pick

City Administrator  
125 N. Division St.  
Salisbury, MD 21801  
410-548-3100

**Salisbury**

