

September 12, 2014

MEMORANDUM

TO: Ald. Nic Kovac, Ald. Joe Dudzik
Finance & Personnel Committee

FROM: Mark Nicolini
Budget and Management Director

SUBJECT: CCFN 1140441 – Sole Source Contract for DPW Equipment

At the July 16th Finance & Personnel Committee meeting, two pieces of equipment for DPW-Infrastructure Services included in the standing file for approval of changes to single or sole source contracts were held to the call of the chair. The pieces of equipment are a directional boring machine and a hydrdo-excavator.

The directional boring machine is used by the Street Lighting program. The lease agreement with Vermeer-Wisconsin, Inc. for the directional boring machine is for \$8,500 per month and includes a lease-to-own provision. This provision states that 100% of rental payments can be applied towards a future purchase. With the machine valued at \$160,000, after 19 months of rental payments the machine could be purchased. This option is preferable to an upfront purchase as it allows the City to distribute costs and capital authority over two years instead of just one.

The Budget Office recommends approval of this item included in CCFN 140561 on the September 17th Finance & Personnel Committee meeting.