

**Racine Water and
Wastewater Utilities**

Keith E. Haas, P.E.
General Manager



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August 21, 2014

Board of Waterworks Commissioners:

Mayor John Dickert
Alderman Ronald D. Hart
Alderman James Morgenroth
Thomas Bunker
Kathleen DeMatthew
Ralph Schwarz
James Spangenberg

Dear Commissioners:

During preparation of the 2015 budget, we discovered a cost-effective opportunity to save money and increase efficiency. We need to replace a backhoe for the Construction Department in 2015. This backhoe took a beating during the brutal winter of 2014 and currently has 1,500 more hours on it than the last one we traded in. The Case Company is retooling their backhoes in 2015 which will cost us more money. Therefore, it is in our best interest to purchase a new backhoe in 2014 rather than to get a newly revised model in 2015. This is especially important for the following reasons:

- 1) The attachments that we currently have are interchangeable between the 2 backhoes we currently operate. The new 2015 backhoe will require us to purchase additional conversion hardware to use our current attachments such as buckets and pneumatic hammers.
- 2) The new 2015 backhoe will require additional maintenance by the addition of DEF to the engine. DEF is currently available at one fueling station at I-94.
- 3) The new 2015 backhoe will have a price increase or differential of approximately \$8,600 over the current 2014 model.

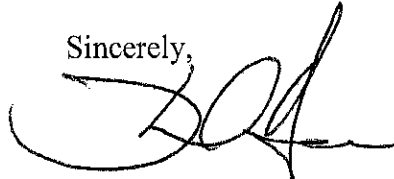
The estimated cost of the 2014 backhoe is \$102,100.00. The estimated cost of a 2015 Tier IV backhoe is \$110,700.00. We would propose to transfer money within the 2014 Capital Improvement Program in the following manner:

Transfer funds from "Dodge and Chatham Transmission pit \$75,000" and "VFD's High Lift Pump Upgrade \$28,000" to "Backhoe \$103,000"

We further recommend that this item be approved and referred to the Finance and Personnel Committee and City Council for adoption.

We would further request that formal bidding be waived as it is in the financial best interest of the Racine Water Utility to purchase a backhoe that has interchangeable parts and tools we currently possess.

Sincerely,

A handwritten signature in black ink, appearing to read 'KEH', written over the word 'Sincerely,'.

Keith E. Haas, P. E.
General Manager

KEH/nms