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WATER & RESOURCE RECOVERY FACILITY

MEMORANDUM

To: Gregg Mandsager, City Administrator

CC: Nancy Lueck, Finance Director
Rich Klimes, Park and Recreation Director
Cinda Hilger, Secretary

From: Jon Koch, WRRF Director

Date: September 6, 2018

Re: Harbor Dredge Renting

INTRODUCTION: A dredging company from Illinois City, IL, has offered to rent the City owned IMS 5012 harbor dredge and trailer on a limited basis when it is not needed by the City for \$18,000 per month. They have supplied a proposal that outlines responsibilities and provisions of the renter.

BACKGROUND: The WRRF was contacted by Superior Seawalls of Illinois City to discuss the possibility of renting the harbor dredge owned by the City of Muscatine. Over the past few years the dredge has been used in two to three week intervals once or twice a year. The remaining time the dredge sits idle accounting for less than 480 hours of operation on it since being purchased in 2004. The rental proposal is for a 160 hour rental month with \$25.00 per hour added to rental rate for going over allotted hours (see attached agreement). They would also be responsible for operating the dredge and any repairs as well as securing insurance for replacement value of all equipment.

The dredge is an IMS 5012 model with a current value of \$189,000.00 according to the Superior proposal (an internet search showed the same model with higher hours selling for \$200,000.00). The dredge was purchased for \$250,000.00 in 2004. A new dredge and trailer replacement cost as well as any further insurance requirements are being researched.

RECOMMENDATION/RATIONALE: The dredge is a valuable asset that is not being utilized to its fullest potential. Due to such infrequent use by the City it could easily be used to generate revenue to cover maintenance and insurance costs as well as fund operations for the Park and Recreation Department. Since being purchased it has been used less than 34 hours per

**"I remember Muscatine for its sunsets. I have never seen any
on either side of the ocean that equaled them" — Mark Twain**

year. The engine was overhauled in 2016 and hydraulic hoses were replaced totaling less than \$20,000.00 in major maintenance costs. With increased use wear will increase, but similar dredges with 2500+ hours are still in operation and selling for over \$200,000.00. If the City were to contract to rent the dredge only when the City harbor has been serviced, with only 6 months of being rented the City would realize \$108,000.00 in new revenue annually.

The WRRF staff recommend pursuing a rental agreement with Superior Seawall with revenue realized to be used to cover geo-bag purchases as well as any maintenance and insurance currently paid by the WRRF (approximately \$40,000.00/year) with remaining funds going to a replacement dredge and any other Park and Recreation Department funding needs.

BACKGROUND:

1. Superior Seawall rental proposal



City of Muscatine Rental Of Surplus Equipment Proposal - IMS 5012 Dredge

August 31st 2018

Dredge Owner
City Of Muscatine
Mr. Jon Koch WPCP Director
225 Sycamore Street
Muscatine, IA 52761

We hereby propose to rent following two (2) items from the City of Muscatine.

- 1 - IMS 5012 Dredge + or – 480 Hours on unit – Value \$189,000.00
- 1- Transcraft Trailer - VIN No. 1TT E 4820 1 41074280 - Value \$15,000.00

Totals Replacement Value Dredge & Trailer - \$204,000.00

Rental Notes - Includes Dredge & Trailer

- 1. Per (40) hour week - \$6,000.00 - per month (160) hour month \$18,000.00, (2) week minimum
- 2. Over allotted hours \$25.00 per hour added to rental rate
- 3. Superior is responsible for all shipping & loading / unloading.
- 4. Superior is responsible for all offload / load, dredger
- 5. Superior to provide all trained operators
- 6. Superior to provide certificate of insurance for replacement value of all equipment
- 7. Superior is responsible for all maintenance and repairs of both items

Rental Period - Payments Terms

- 1. 7 days = 1 week
- 2. 28 days = 1 month
- 3. First month paid in advance
- 4. Payment for consecutive months due before start of new month

_____ Date _____

Authorized Signature of Acceptance
Respectfully,
Douglas Harper
Director Of Operations

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