

- cylinder walls. This feature is a significant improvement over your current boring machines. The machine can bore 5½ feet below ground level and can bore up to 30 linear feet at a time. The total height of the machine is 10 feet. What's more, it passes all of ALDOT's (Alabama Department of Transportation) requirements for highway projects.
- Reed:** Do you have any figures on the actual operating costs of your boring machine?
- Jane:** We have. We figure average operating cost per year (1,500 hours) for the CAT-1 is approximately \$296,000 (without operators) or \$371,000 with two operators.
- Reed:** What is the purchase cost?
- Jane:** I have it right here. The purchase cost for the CAT-1 is \$895,233.
- Reed:** Your cost figures seem rather high since our estimate for tunneling is \$676,000.
- Jane:** No, Mr. Reed, experience has shown that it is possible to amortize the cost of our machine over a two-year period. In addition, when you calculate the productivity and labor savings . . .
- Reed:** Jane, in this business, you have to plan one year at a time. I am not sure when I will get the next tunneling job. My current problem is my . . .
- Jane:** Of course, there is also a lease option. We currently offer a three-year open-end lease with the following conditions: no down payment, free maintenance, \$25,000 per month, and a salvage value of \$100,000 after three years.
- Reed:** I will have to get back with you next week. I need to take a closer look at our alternatives. I am also in the process of determining how our 10 percent DBE goal will be satisfied. Only then will I be able to move forward.
- Jane:** Mr. Reed, you are in luck. According to CFR 49 part 26, a portion of your DBE goal can be satisfied with the purchase of the CAT-1. We are partners with a certified DBE firm in another business. We can run the sale through his company.
- Reed:** If this is acceptable, I will get back with you tomorrow. This purchase could easily kill two birds with one stone.
- Jane:** Thank you and I look forward to meeting with you tomorrow.
- Reed:** Goodbye, Ms. Axle.