TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER DEPARTMENT: PUBLIC WORKS
DATE: APRIL 25, 2005 CMR:214:05

SUBJECT: APPROVAL OF AN ENTERPRISE PURCHASE ORDER WITH ALTEC INDUSTRIES, INC. IN THE AMOUNT OF $412,539 FOR THE PURCHASE OF TWO DIGGER DERRICK TRUCKS

RECOMMENDATION
Staff recommends that Council approve and authorize the City Manager to execute a purchase order with Altec Industries, Inc. in the amount of $412,539 for the purchase of two digger derrick trucks.

DISCUSSION
Equipment Management’s current vehicle and equipment replacement workplan includes the replacement of two digger derrick trucks. Digger derrick trucks are utilized in electric distribution system maintenance; for replacing utility poles; for servicing pole mounted equipment such as transformers and switches; and for lifting and handling heavy cargo. These tasks are fundamental to distribution system maintenance. They cannot be accomplished without the use of a digger derrick.

City Policy and Procedures Section 4-01 establishes the replacement cycles of various classes of City fleet equipment. According to the policy, the replacement cycle of a digger derrick truck is 10 years. One of the trucks scheduled for replacement is 15 years old; the other is 13 years old.

Although both of these units have been in daily use since they were placed into service, Equipment Management’s preventive maintenance program and good operating practices by the Electric Operations group have helped to extend their life well beyond established guidelines. Although there is a two-year difference in the age of these trucks, both should be replaced at the same time, to insure standardization and operator familiarity.

The digger derricks to be purchased incorporate more safety features and are more efficient than the units they will replace. For example, the Altec derricks include a fully-functional radio remote control which will allow the operator to control the machine from the ground while standing a safe distance away from the work.

There are only two distributors of digger derrick trucks in Northern California: Altec Industries and Terex-Telelect. Staff researched the offerings from each manufacturer to determine if they could provide the features that the Electric Operations group required. The two most important criteria were the radio remote control and an open operating position (described above). Altec was the only manufacturer that could provide both the open operating position and radio remote.
Terex-Telelect could not provide the open operating position, but could meet all of the other requirements.

During the course of research, staff became aware of a recent purchase by the City of Roseville of an Altec digger derrick truck that met all of Electric Operation’s requirements. Staff reviewed purchase documentation from the Roseville acquisition, and determined that a piggyback purchase could be made, in accordance with Palo Alto Municipal Code Section 2.30.360 (j) 2. A bid summary from the Roseville acquisition is shown in the Table below.

City of Roseville Purchase Order PA406028 (4/8/04) – Bid Summary*

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Model Bid</th>
<th>Price (less tax)</th>
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<tbody>
<tr>
<td>Altec Industries, Inc.</td>
<td>D947-TR</td>
<td>$190,298</td>
</tr>
<tr>
<td>Terex-Telelect</td>
<td>XL-4047</td>
<td>$219,583</td>
</tr>
</tbody>
</table>

*This acquisition was for one unit only.

RESOURCE IMPACT
Funds have been budgeted for this contract in the FY 2004-05 Public Works Department Vehicle and Equipment Replacement budget.

POLICY IMPLICATIONS
Authorization of this purchase order does not represent any change to the existing policy.

ENVIRONMENTAL REVIEW
The equipment that will be purchased employs emissions-reduction technology that will result in a significantly lower level of emissions.

ATTACHMENTS
Attachment A: Bid Summary
Attachment B: Certificate of Nondiscrimination

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Fleet Manager

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Director of Public Works

CITY MANAGER APPROVAL: EMILY HARRISON
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