TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER
DEPARTMENT: PUBLIC WORKS
DATE: JUNE 5, 2006
CMR:242:06

SUBJECT: APPROVAL OF A PURCHASE ORDER WITH PETERSON TRACTOR COMPANY IN THE AMOUNT OF $379,499 FOR THE PURCHASE OF A WASTE-HANDLING (LANDFILL) WHEEL LOADER

RECOMMENDATION
Staff recommends that Council approve and authorize the City Manager or his designee to execute a purchase order with Peterson Tractor Company in the amount of $374,499 for the purchase of a waste-handling (landfill) wheel loader.

DISCUSSION
Equipment Management’s current vehicle and equipment replacement workplan includes the replacement of a wheel loader. This piece of equipment is at the end of its useful life.

The wheel loader that is to be replaced is one of two used in the City’s composting operation. It is used to load greenwaste material into a grinder; to load ground material into a screening machine; to turn compost windrows during the decomposition process, and to load finished compost into trucks. The loader proposed for purchase is approximately 25% larger than the current unit; large enough that it can also be used to perform work that is currently performed by a large scraper, also operated at the landfill. Since the scraper is due for replacement as well, purchasing the larger loader will allow Equipment Management to eliminate the scraper from the City’s fleet. This will result in a net savings of more than $100,000 in replacement costs, and $20,000 in annual operating costs.

This purchase is conducted in accordance with Section 2.30.900 of the Palo Alto Municipal Code (Standardization), and approved by the City Manager.

The determination to standardize on Caterpillar waste-handling equipment was based on the following factors:

- Minimization of repair and maintenance costs;
- Reduced requirements for operation and maintenance training;
- Reduction in spare parts inventory

Other factors were considered as well, such as staff’s previous experience with Caterpillar equipment, and the traditionally higher resale value of Caterpillar products. A detailed description of all of the factors that lead to this determination is provided in Attachment “A.”
Peterson Tractor is the only Northern California distributor for Caterpillar waste-handling equipment. Peterson is proposing pricing that is indexed to the State of California’s “Multiple Award Schedule” (CMAS) program. This pricing is representative of pricing offered to other government agencies.

**RESOURCE IMPACT**
Funds have been budgeted for this vehicle acquisition in the FY 2005-06 Public Works Department Vehicle and Equipment Replacement budget.

**POLICY IMPLICATIONS**
The purchase of Caterpillar landfill equipment based on standardization has been previously authorized by the City Council (CMR 423:05 – 12/5/05).

**ENVIRONMENTAL REVIEW**
The equipment being purchased will produce substantially less exhaust emissions than the equipment it will replace. This purchase does not constitute a project for California Environmental Quality Act (CEQA) purposes, thus no environmental review is required.

**ATTACHMENTS**
Attachment A: Detailed Basis for Standardization Purchase of Landfill Equipment
Attachment B: Certification of Non-Discrimination

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