



# City of Palo Alto

## City Council Staff Report

(ID # 8511)

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**Report Type: Consent Calendar**

**Meeting Date: 11/27/2017**

**Summary Title: Contract for Purchase of Four Backhoes**

**Title: Approval of a Purchase Order With Peterson Caterpillar in the Amount of \$534,857 for the Purchase of Four 2017 Caterpillar Model 420F2 HRC Backhoe Loaders**

**From: City Manager**

**Lead Department: Public Works**

### **Recommendation**

Staff recommends that Council approve and authorize the City Manager to execute a purchase order with Peterson Cat in the amount of \$534,857 for the purchase of four 2017 Caterpillar Model 420F2 HRC Backhoe Loaders.

### **Background**

This purchase is being made with full consideration for the Audit of Vehicle Utilization and Replacement. The vehicles being replaced through this purchase order have exceeded the minimum use requirements for mileage accumulation of 2,500 miles or 50 usage hours annually.

The Vehicle and Equipment Use, Maintenance, and Replacement Policy section 4-1 provides for the on-going replacement of City fleet vehicles and equipment. Replacements are scheduled using guidelines based on age, mileage accumulation and obsolescence. Because of their use in emergency situations, expansive hydraulic system, and the severe operating conditions under which they operate, the policy prescribes a replacement interval for backhoes of ten years or six thousand hours.

In accordance with the policy, the Fleet Review Committee reviews all vehicles and equipment proposed for replacement and authorized recommending replacing four backhoes as part of the Fiscal Year 2018 budget. Approval was

based on:

- An examination of each vehicle's current usage;
- An analysis of each vehicle's operating and replacement costs;
- A comparison of the age, mileage, operating cost and performance of each vehicle with others in the class;
- An analysis of alternatives to ownership, such as mileage reimbursement; pooling/sharing; the reassignment of another underutilized vehicle, or renting; and
- An assessment if a more cost effective type/style of vehicle can be utilized.

The Utilities Department operates six backhoes, four of which are nine years of age and have accumulated between 4,632 and 5,268 hours. Utilities staff uses backhoes as the primary tool to excavate around water, gas and sewer lines.

#### **Discussion**

Backhoes are a critical piece of construction equipment used by Utilities Department staff. Approval for the purchase of these new backhoes will provide users continued availability as the factory build time for a 2017 Caterpillar Model 420F2 HRC Backhoe Loader is between nine and twelve months.

In accordance with the aforementioned policy, which states that the City shall acquire Plug-In Electric Vehicles (PEV) upon replacement or for new needs when they are available, and meet needed range, load and emergency response requirements, staff found neither Caterpillar nor any other tractor manufacturer offer an equivalent hybrid or electric powered replacement for this tractor model.

By January 2019 the City's fleet must comply with the In-Use Off-Road Diesel Regulation, as mandated by California Environmental Protection Agency (Cal-EPA) and California Air Resources Board (CARB) to phase out older engines based on NOx (generic term for the mono-nitrogen oxides NO and NO<sub>2</sub>) emissions, determined by the horsepower and model year of each engine and classified in tiers. This regulation pertains to self-propelled off-road diesel vehicles over 25 horsepower. Fleet must eliminate or replace older lower tier engines with newer higher tier engines. The recommended replacements are rated Tier 4, the highest possible for this vehicle designation.

### Bid Process

Section 2.30.360(j) of Title 2 of the Palo Alto Municipal Code identifies the process that allows the use of Intergovernmental Cooperative Purchasing agreements. Bids for this purchase were obtained through the National Joint Purchasing Alliance (NJPA), an approved cooperative group. A request for quotation was sent to NJPA, and a quote was received from Peterson Cat on August 24, 2017 (Attachment A).

### **Resource Impact**

Funding was approved as part of the Adopted Fiscal Year 2018 Capital Budget for the purchase of these four backhoes in the Scheduled Vehicle and Equipment Replacement—Fiscal Year 2018 Capital Improvement Program project (VR-18000).

### **Policy Implications**

Authorization of the contract does not represent any change to the existing policy and is supported by Comprehensive Plan Goal N-5, Policy N-5.2, reducing the emissions of particulates from automobiles, construction activity, landscape maintenance, etc., which also supports regional, state, and federal programs that improve air quality.

### **Environmental Review**

The vehicles to be purchased will replace existing vehicles used by the City, and comply with all applicable emissions laws and regulations which are more stringent than those that applied to the existing fleet. Accordingly, this purchase is exempt from the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15061.

### **Attachments:**

- Attachment A - Quote



August 24, 2017

**CITY OF PALO ALTO**  
EQUIPMENT MGMNT  
3201 EAST BAYSHORE RD  
PALO ALTO  
California  
94303

NJPA Contract# 032515

Attention: Raul Juarez

**RE: Quote 142813-01**

Dear Raul,

We would like to thank you for your interest in our company and our products, and are pleased to quote the following for your consideration.

Four (4) New Caterpillar Model: 420F2 HRC Backhoe Loaders

**MACHINE SPECIFICATIONS**

|   |          |
|---|----------|
| 420F2 BHL ST, TIER 4, HRC                 | 450-8448 |
| LANE 2 - AVAILABLE FROM LEICESTER FACTORY |          |
| LANE 3 - AVAILABLE FROM LEICESTER FACTORY |          |
| ONLY FOR USE WITH: AM-N and PUERTO RICO   |          |
| WORKLIGHTS (8) HALOGEN LAMPS              | 491-6734 |
| INSTRUCTIONS, ANSI                        | 430-9944 |
| INSTRUCTIONS, ISO                         | 430-9945 |
| SEAT BELT, 3" SUSPENSION                  | 206-1748 |
| STABILIZER PADS, FLIP-OVER                | 9R-6007  |
| BUCKET-HD, 24", 6.2 CFT                   | 219-3387 |
| SERIALIZED TECHNICAL MEDIA KIT            | 421-8926 |
| SHIPPING/STORAGE PROTECTION               | 461-6839 |
| RUST PREVENTATIVE APPLICATOR              | 462-1033 |
| PACK, DOMESTIC TRUCK                      | 0P-0210  |
| BEACON, MAGNETIC MOUNT                    | 211-4292 |
| LANE 3 ORDER                              | 0P-9003  |
| STICK, EXTENDABLE, 14FT                   | 450-8730 |
| PT, 4WD, AUTOSHIFT                        | 450-8616 |
| ENGINE, 74.5KW,C4.4 ACERT, T4F            | 450-8757 |

|  |            |
|--|------------|
| HYDRAULICS, MP, 6FCN/8BNK, ST              | 450-8530   |
| PRODUCT LINK, CELLULAR, PL6411             | 447-0049   |
| CAB, DELUXE                                | 450-8683   |
| SEAT, DELUXE FABRIC                        | 433-4806   |
| TIRES, 340 80R18/500 70R24, MX             | 320-2384   |
| COUNTERWEIGHT, 1015 LBS                    | 337-9696   |
| BUCKET-MP, 1.4 CYD                         | 337-7442   |
| CUTTING EDGE, TWO PIECE,WIDE               | 9R-5320    |
| RIDE CONTROL                               | 398-2681   |
| LINES, COMBINED AUX, E-STICK               | 398-2853   |
| RADIO & CD PLAYER, BLUETOOTH               | 387-6598   |
| MIRRORS, EXTERNAL, BOTH SIDES              | 382-2499   |
| LINES,HYD COUPLER 14FT E-STICK             | 450-8578   |
| COUPLER, PG, HYD, DUAL LOCK                | 361-1200   |
| Hooks, Forks                               | BKT200-Kit |
| Orange Safety Triangle                     | 8T-6986    |
| Packet, Hammer                             |            |
| Radiator Protector, Installed              |            |
| D-Rings Installed (Welded) In Front Bucket |            |

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|                          |                     |
|--------------------------|---------------------|
| SELL PRICE               | \$490,694.08        |
| EXT WARRANTY             | Included            |
| <b>NET BALANCE DUE</b>   | <b>\$490,694.08</b> |
| SALES TAX (9%)           | \$44,162.48         |
| <b>AFTER TAX BALANCE</b> | <b>\$534,856.56</b> |

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**WARRANTY**

Standard Warranty: 12 Month, Unlimited Hours Standard Warranty  
 Extended Warranty: 420-60 MO/5000 HR POWERTRAIN + HYDRAULICS

**F.O.B/TERMS:** San Leandro

**PAYMENT TERMS**

**Cash Invoice Terms**

| CASH WITH ORDER | QUOTE SELL PRICE |
|-----------------|------------------|
| \$534,856.56    | \$490,694.08     |

Accepted by \_\_\_\_\_ on \_\_\_\_\_

\_\_\_\_\_  
**Signature**

This Quote is valid for 90 days, after which time we reserve the right to re-quote. If there are any questions, please do not hesitate to contact me.

Sincerely,

Jon Hamilton  
Machine Sales Representative  
Peterson CAT  
925-580-2439  
JHHamilton@petersoncat.com