

February 15, 2005

Honorable Mayor and Members of
the Hermosa Beach City Council

Regular Meeting of
February 22, 2005

PURCHASE OF TRACTOR FOR CLEARING BEACH STORM DRAIN OUTLETS

Recommendation:

It is recommended that:

1. The City Council authorize the purchase of a John Deere 655C Tractor Crawler from Coastline Equipment of Long Beach, California in the amount of \$170,524.75; and
2. Appropriate \$173,524.75 from the Equipment Replacement Fund for this purchase and the application of corrosion protective coating

Summary:

On December 28, 2004, at the start of a series of very heavy storms, our Caterpillar tractor broke down on the beach. Staff was able to get LA County Beaches and Harbors to come to our rescue and they brought two tractors from El Segundo and worked in the rain until 11:00 PM to perform the necessary work to protect our residents. The next day we were able to rent a Caterpillar 953C track loader from Quinn Shepherd Machinery, which we have been using to meet our critical need during the rainy season. The rental rate is \$6,000 per month.

Our 943 model Caterpillar tractor is no longer available. The only replacement models available which meet our needs are the 953C Caterpillar Track Loader and the 655C S-11 John Deere Tractor Crawler. The City needs the steel tracks in lieu of rubber tires because some of the drainage outlets require the equipment to operate in the wet sand within the tidal zone where a rubber tire loader would sink in.

Staff could not find any new or used 953C Caterpillar Track Loaders available within a reasonable time period. Quinn Shepherd Machinery offered to sell us the 953C Caterpillar that we rented which had only 200-hours of operation when we received it. They quoted a price of \$197,975, including tax less an \$8,000 trade-in value for our 943 Caterpillar. Also, they would apply 80% of our rental costs toward the purchase. At \$6,000 per month for four months, that's an additional discount of \$19,200. The net cost of the Caterpillar is therefore **\$170,775**.

The alternative to the 953C Caterpillar Track Loader is the 655C S-11 John Deere Tractor Crawler. Coastline Equipment has quoted us \$173,524.75 less a \$3,000 trade-in for our 943 Caterpillar. This results in a net cost for a brand new 655C S-11 John Deere of **\$170,524.75**. The 655C John Deere is superior to the Caterpillar in the important categories such as travel speed, breakout power, track width, and bucket size. Parts and maintenance services are readily available in Long Beach. Staff has test driven the John Deere and is very impressed with its performance characteristics. Staff therefore recommends the purchase of the John Deere. In addition, staff recommends an additional clear coating be applied to improve weathering at the beach for an additional cost of approximately \$3,000.

Background:

Prior to the start of this year's rainy season, staff knew that the 943 Caterpillar track loader was in very poor condition and was investigating the options of repairing versus buying a new or used piece of equipment. This tractor is used to open our eleven storm drain outlets on the beach and to clear a drainage channel to the ocean. If this operation is not completed in a timely fashion prior to storms

then residences and commercial businesses along Beach Drive and Hermosa Avenue are subject to flooding. In addition to the mechanical problems we were experiencing, the body had severely deteriorated from the salt environment. When we first purchased the Caterpillar 943 track loader in 1991, we had assumed a 20-year service life. We have subsequently learned that this was un-realistic and that we've been very lucky to get 14 years of service. LA County Beaches and Harbors informed us that they replace their beach tractors every seven years!

Quinn Shepherd Machinery, the distributor for Caterpillar in our area, informed us that the 943 track loader was no longer available and the replacement tractor of equivalent size is the 953C. They quoted \$250,058 for a new 953C Caterpillar including tax but also had to inform us that none were available at that time, new or used.

Quinn Shepherd Machinery picked up our broken down 943 Caterpillar and provided a quote for needed repairs totaling \$41,436, not including any repairs to the rusted body. We were also told that even if we performed these repairs, it should be anticipated that more problems would develop due to the age and condition of this equipment. Staff therefore recommends that we purchase a new or used tractor in lieu of repairing the existing tractor.

Staff has also begun taking steps to re-negotiate the contract with LA County for the maintenance services we provide for their storm drains. Five of the eleven drains are owned by LA County. The existing contract was executed in 1984 and limits our annual reimbursement for maintenance services to an amount not to exceed \$10,000. Public Works tracks the hours spent on the County drains and bills the County at the fully burdened employee hourly rate plus an hourly rate for tractor usage. Staff believes the new contract should incorporate an additional amount to cover a fair share of the equipment replacement costs.

Fiscal Impact:

After the approval of the appropriation, the purchase of the equipment would be charged to account number 715-3102-5403. The Equipment Replacement Fund balance as of 6/30/05 is estimated to be \$2,003,626.

Attachment: Coastline Equipment Proposal

Respectfully submitted,

Concur:

Richard D. Morgan, P.E.
Director of Public Works/City Engineer

Stephen R. Burrell
City Manager

Noted for fiscal impact:

Viki Copeland
Finance Director