



## AGENDA MEMORANDUM

Action Item for the City Council Meeting July 28, 2020

**DATE:** July 21, 2020

**TO:** Peter Zaroni, City Manager

**FROM:** Jim Davis, Director of Asset Management  
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### Parts for Komatsu, Gradall and Takeuchi Equipment

#### **CAPTION:**

Resolution authorizing a three-year supply agreement with Waukesha-Pearce Industries, LLC in an amount not to exceed \$942,300.00 for the purchase of Komatsu, Gradall and Takeuchi equipment parts for Asset Management, effective upon issuance of notice to proceed, with FY 2020 funding in an amount of \$78,500.00 available in the Fleet Maintenance Service Fund.

#### **SUMMARY:**

This Resolution authorizes a three-year supply agreement with Waukesha-Pearce Industries, LLC to provide Komatsu, Gradall and Takeuchi equipment parts stocked by the Asset Management Department for repairs of heavy equipment by Fleet Maintenance Department.

#### **BACKGROUND AND FINDINGS:**

The Asset Management Department utilizes Komatsu, Gradall and Takeuchi equipment parts for the repair and maintenance of associated equipment. Use of these parts is essential to effect necessary and timely repairs. Asset Management performs the majority of vehicle and equipment repairs in-house. Acquisition of these parts is essential to ensure the execution of a successful and timely maintenance effort of this equipment. Furthermore, a ready supply of these parts will ensure a continued high operational readiness of heavy equipment such as garbage trucks.

This is a sole source purchase as these parts are unique to Komatsu, Gradall and Takeuchi heavy equipment. Waukesha-Pearce Industries, LLC is the fully authorized dealer for these parts. Individual parts have been purchased before from Waukesha Pearce. This supply agreement will save us money. We expect a 10% cost savings from the Waukesha Pearce list price. This is the first time the City is entering into a supply agreement for these parts.

**ALTERNATIVES:**

An alternative would be not to secure a long-term supply agreement. However, the Asset Management Department would have to purchase on individual purchase orders the construction equipment parts on an as needed basis, which would not be as productive. In addition, a long-term agreement allows for a better economy of scale.

**FISCAL IMPACT:**

The fiscal impact for Asset Management in FY 2020 is estimated at \$78,500.00 for this three-year supply agreement. The remaining amount of \$863,800.00 will be budgeted in future years through the annual budget process.

**FUNDING DETAIL:**

Fund:	5110 Fleet Maint Svc
Organization/Activity:	40180 Parts Room Operation
Mission Element:	202 Maintain the Fleet
Project # (CIP Only):	N/A
Account:	520210 Cost of Goods Sold

**RECOMMENDATION:**

Staff recommends approval of this motion authorizing a three-year supply agreement with Waukesha-Pearce Industries, LLC for the purchase of Komatsu, Gradall and Takeuchi heavy equipment parts as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Resolution  
Price Sheet  
Supply Agreement