

April 10, 2006

Mayor Bell & Members of the Common Council
7525 W. Greenfield Ave.
West Allis, WI 53214

Re: 2007 Public Works Equipment Purchases

Honorable Mayor and Council Members:

The Public Works Department annually updates its three-year equipment replacement listing in preparation for the following years budget process. In 2007, we are scheduled to replace two heavy-duty tandem dump trucks, identical to two that we are replacing in 2006.

In 2007 the next tier of federal emission standards kicks in for “on highway” truck diesel engines. Specifically, next year’s engines will necessitate the incorporation of a diesel particulate oxidation catalyst exhaust after treatment device being added to all “on highway” diesel engines. In and by itself, this is projected to add between 7 and 10 percent to the price of a chassis over and above the normal 2 to 3 percent annual price increase. Maintenance costs will also increase.

Like all price increases, the projected 10 to 13 percent increase would be difficult to absorb. Unfortunately, the problem for the Public Works fleet is magnified by the fact that the standard engine in our fleet, the Caterpillar C-7, will no longer be offered by any of the chassis distributors due to insurmountable engineering constraints imposed by the addition of this mandated device to the exhaust system. We have a couple of different choices, both of which will be costly. First, we can switch to another manufacturer. This will result in various short term and long term impacts including the retooling of our equipment, software and retraining of our technical staff. The second option would be the purchase of the CAT C-11 engine which, while giving additional power, (which we do not require) would also add another ten percent to the cost of the chassis and increase operating expenses.

The Department would like to propose a third alternative. As noted above, we currently have two chassis on order with the Cat C-7 engine. We have spoken to our vendor and he has informed us that the \$63,206 price that we paid for each of these chassis will be locked for us if we choose to order additional chassis. We would, however, have to order these chassis within the next month to assure that our order can be placed in the “build” line for the plant this year.

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In view of the anticipated 2007 price increase and our ability to secure two truck chassis this year at a projected savings of approximately \$12,000, I respectfully request that \$126, 500 be transferred to the Public Works Department from the contingency fund for the purpose of purchasing two additional tandem truck chassis this year. The transferred money will be paid back from 2007 budget funds. I should note, that it is highly unlikely that the funds will actually be spent this year. Rather, we hope to be able to schedule production of these two chassis for the latter part of the year. This would mean that delivery and payment would not be made until some six months later. Nonetheless, the order must be placed now to assure production and therefore, money must be encumbered for the order.

I will be available to answer any questions regarding this request.

Respectfully submitted,

Michael F. Pertmer
Director of Public Works

cc: Gordy Paprocki
Gary Schmid