
CITY OF KELOWNA

MEMORANDUM

Date: March 26, 2003
File No.: 1280-01

To: City Manager

From: Roadways Superintendent

Subject: Purchase of Landfill Equipment

RECOMMENDATION:

THAT Council approve awarding the purchase of a front end loader to Marcell's Equipment Ltd. on the basis outlined in the report of the Roadways Superintendent below.

DISCUSSION:

On October 29, 2002, bids were received for Tender T02-85 to purchase a new front end loader for the landfill operations. The following bids, all-inclusive, were received:

Dealer	Manufacturer	Bid Price
Marcel's Equipment Ltd.	Hyundai	\$252,358.64
Marce's Equipment Ltd.	Volvo	\$281,464.54
Brandt Tractor Ltd.	John Deere	\$288,454.13
Terratech Equipment	Komatsu	\$285,755.78
Finning (Canada)	Cat	\$303,114.20

Our Equipment Division and Purchasing Department recommended the purchase of the Hyundai loader from Marcells Equipment Ltd. as it was the lowest bid that met specification. Since that time it has come to our attention that the Hyundai loader is equipped with a Cummins engine that is not very fuel efficient. According to the dealer, the Hyundai loader burns 22 liters per hour versus the Volvo loader, which is the next lowest priced loader that met specification, @ 12 liters per hour. This represents a fuel savings of 100,000 liters or \$51,000 at today's prices over the expected life of the unit. Our Equipment Division inspected the Hyundai and Volvo loaders and advises the Volvo is a superior machine which should have a higher resale value.

Marcells Equipment Ltd. has asked us if we would like to purchase the Volvo loader in place of the Hyundai. Even though they have already ordered the Hyundai, they are prepared to keep it in their stock. They presently have a Volvo in their stock which can be brought up to our specification for the landfill (guarding would have to be added, buckets ordered and foam put in the tires).

In view of the difference in fuel consumption and the quality of the machines, the Equipment Division and the Purchasing Department are recommending that we take the dealer up on his offer and purchase the Volvo loader which has the lowest life cycle cost.

Dale Beaudry, Roadways Superintendent

John Vos, Director of Works & Utilities