
CITY OF KELOWNA

MEMORANDUM

Date: April 29, 2009
File: 1280.20
To: City Manager
From: Transportation Services Manager
Subject: PURCHASE OF BACKHOE

RECOMMENDATION:

THAT Council receives, for information, the report of the Transportation Services Manager dated April 29, 2009 with respect to purchasing a replacement backhoe.

AND THAT the 2009 Financial Plan be amended to include \$94,000 for this purchase, with funding from the Equipment Replacement Reserve.

BACKGROUND:

The City's equipment replacement policy flags equipment that is ten years old or has more than 7500 hours of utilization for a mechanical assessment. Based on that assessment, the equipment is either kept for another year or replaced in the following year's budget. Unit 4221, 2002 Cat 446B Backhoe fell just short of the 7500 hours at the time of budget considerations and did not receive the mechanical assessment. The unit now has 7800 hours of utilization and we have experienced a serious engine failure.

The Equipment Division obtained estimates for the repair of the unit, replacement of the unit and lease to purchase options. Based on these quotes, the Finance Division completed a business case analysis and determined that the best scenario is to replace the unit.

FINANCIAL/BUDGETARY CONSIDERATIONS:

The base purchase cost of a replacement unit is estimated @ \$110,000. We estimate a trade-in value of \$22,000 for the old unit, as is. The balance is to be funded from the Equipment Replacement Reserve.

If approved, Purchasing will issue a Tender for the purchase of the replacement unit.



Considerations that were not applicable to this report:

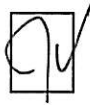
INTERNAL CIRCULATION TO:
LEGAL/STATUTORY AUTHORITY:
LEGAL/STATUTORY PROCEDURAL REQUIREMENTS:
EXISTING POLICY:
PERSONNEL IMPLICATIONS:
TECHNICAL REQUIREMENTS:

EXTERNAL AGENCY/PUBLIC COMMENTS:
ALTERNATE RECOMMENDATION:

Submitted by:


Dale Beaudry
Transportation Services Manager



Approved for Inclusion:  John Vos, General Manager Community Services

cc: Equipment Supervisor, Alf Soros