



## CITY OF VANCOUVER

# A9

### ADMINISTRATIVE REPORT

Report Date: May 28, 2008  
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Meeting Date: June 24, 2008

TO: Vancouver City Council

FROM: General Manager of Engineering Services  
Manager of Materials Management

SUBJECT: Award of Tender PS08045 - The Supply and Delivery of Landfill Compactors

#### RECOMMENDATION

- A. THAT, subject to the conditions set out in Recommendations B, C, and D, Council authorize the General Manager of Engineering Services and the Manager of Materials Management to award to the low bid meeting specifications and providing best value from Finning (Canada) for two (2) 2008 CAT 836H landfill compactors at a total cost of \$1,760,816, plus applicable taxes (less any municipal rebate received) and the Provincial Environmental Levy; source of funding to be the Truck and Equipment Plant Account.
- B. THAT, the Director of Legal Services be authorized to execute and deliver on behalf of the City all legal documents required to implement Recommendation A.
- C. THAT, all such legal documents be on terms and conditions satisfactory to the General Manager of Engineering Services, Manager of Materials Management and the Director of Legal Services.
- D. THAT, no legal rights or obligations will be created by Council's adoption of Recommendation A, B and C above unless and until such legal documents are executed and delivered by the Director of Legal Services.

## COUNCIL POLICY

The policy of Council is to secure contracts for the purchase of equipment, supplies and services that will give the best value, based on quality, service and price.

Contracts with a value over \$300,000 are referred to Council.

Council approves expenditures from Reserves, including the Truck and Equipment Plant Account.

## DISCUSSION

Tenders for the above were opened on April 22, 2008 and referred to the General Manager of Engineering Services and the Manager of Materials Management for report. In addition to notifying incumbent suppliers to the City and other well known vendors, the tender was advertised on the City's and BC Purchasing Commission's website.

The tender called for pricing for one (1) landfill compactor with the option to purchase a second unit within 12 months and a third unit within 16 months. This report deals with the purchase of two (2) landfill compactors; one compactor as per the tender requirements and the second via the option to purchase an additional unit within 12 months. Staff may report back to Council to add to the fleet and exercise the option to purchase the third unit at a future date if deemed appropriate.

Landfill compactors are machines similar in design to construction wheel loaders. A key difference in design between a compactor and wheel loader is that the compactor uses metal drums with cleats instead of rubber tires. Compactors are used to reduce the size of waste material and soil at the landfill through compaction.

The 5% Goods and Services Tax (less any municipal rebate received), Provincial Sales Tax and the Provincial Environmental Levy are in addition to all the prices shown in the report.

Three bids were received from three vendors. The table below lists the unit pricing including the option for a rear view camera and global positioning system interface.

	Bid 1	*Bid 2	Bid 3
<b>Total Price</b>	\$672,600 US (Approx \$685,000 Cnd)	\$880,408 Cnd	\$889,500 Cnd

\*price includes option for extended service life wheels.

Bid 1 for \$672,600 US did not meet tender requirements for a number of reasons; including operating weight, travel speed, seating configuration, gauges, alternator size, run time at medium load and dealer experience.

Operating weight and travel speed requirements are important in meeting productivity needs of the Landfill Operations Branch as they both affect the time it takes to compact refuse. The tender required that the operator's seat face the direction of travel of the compactor. This bid offered a seating configuration that put the operator perpendicular to the line of travel of the machine. Use of the tendered compactor and the offered seating configuration will result in decreased visibility for the operator as well as ergonomic concerns related to the operator

having to keep his/her head in the 'turned position' for extended periods of time. This bid also did not meet the illuminated and visual gauge requirements for key compactor components. The gauges are required by the operators to ensure that the compactor is operated in safe and tolerable working conditions and for ease of troubleshooting when the operators inform maintenance staff of mechanical issues. The bid included an alternator that also did not meet the City's requirements. A 100 amp alternator was required to handle charging needs for aftermarket accessories such as scene lights, emergency lights, a global positioning system, and 2-way radio. The bid only included a 75 amp alternator.

This bid also only offered a run-time (without fuelling) at medium load of 11.1 hours while the specification required a run-time of 16 hours. The 16 hour run-time is important because the compactors are operated over two shifts each day and fuelled onsite by an external fueler provided once a day. The bid also required that the compactors be sold and supported by an established dealership with prior landfill compactor experience. This bid also does not meet this requirement. Purchasing equipment from dealerships with no or limited experience servicing and supporting the tendered product have historically resulted in increased downtime and costs for the City. Additionally, the bid did not include a guaranteed buy back option. The buy back provision gives the City the ability to return the unit to the dealer for a guaranteed resale amount after a set service life; not having this option shifts the risk of selling a landfill specific machine to the City. To that end, this bid is not recommended.

Bid 2 for \$880,408 met requirements and is therefore the recommended bid. This bid includes a buy back provision.

## FINANCIAL IMPLICATIONS

Two compactors were scheduled and approved to be replaced as part of the 2006 Equipment Replacement Program. Funds for the purchase of the two units totalling \$1,760,816, plus applicable taxes (less any municipal rebate received) and the Provincial Environmental Levy, will be provided from the Truck and Equipment Plant Account.

## CONCLUSION

Accordingly, we recommend acceptance of low bid meeting specifications and offering best value from Finning (Canada) for two (2) 2008 CAT 836H landfill compactors at a total cost of \$1,760,816 (\$876,517 each including extended service life wheels plus \$1,623 each for the pre-wiring of the global position system interface and \$2,268 each for rear view camera and monitor).

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