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CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: August 14, 2008
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VanRIMS No.: 08-2000-20
Meeting Date: September 16, 2008

TO: Vancouver City Council

FROM: General Manager of Engineering Services
Manager of Materials Management

SUBJECT: Award of Tender PS08064 - The Supply and Delivery of Two (2) Bulldozers

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 KCL West Holdings Inc., a Division of Coneco Equipment which has, subsequent to submitting its tender legally changed its name to SMS Equipment Inc. ("SMS Equipment") for two (2) 2008 Komatsu D65PX-15 bulldozers at a total cost of \$643,840 plus applicable taxes (less any municipal rebate received) and the Provincial Environmental Levy; the source of funding will 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 May 14, 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 two (2) bulldozers for use at the landfill. These bulldozers will be used for road construction and final cover grading. Cover grading is where dirt is spread over the surface of the landfill. The actual movement and compaction of the garbage is performed by other larger machines.

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.

Four (4) bids were received from four (4) vendors. The table below lists the cost per unit.

	Bid 1	Bid 2	Bid 3	Bid 4
Total Price	\$232,000	\$315,010	\$320,920	\$375,200

Bid 1 for \$232,000 did not meet tender requirements due to lack of a parts supply guarantee. A parts supply guarantee is important because it shows a dealer's confidence in its product and parts supply system as well as provides compensation for lost machine time if the time for replacement parts to arrive is unreasonably long. The tender required a parts supply guarantee and no parts supply guarantee was offered. There are also no similar units in operation or inventory in BC. These factors raise concerns about the product support.

Bid 2 for \$315,010 did not meet tender requirements for transmission type. The tender required a power shift type transmission and a hydrostatic type transmission was offered. This requirement is due to the City's experience of power shift type transmissions having lower maintenance requirements than hydrostatic type transmissions in the landfill environment.

Bid 3 for \$320,920 met requirements and is therefore the recommended bid.

FINANCIAL IMPLICATIONS

Two (2) bulldozers were scheduled and approved to be replaced as part of the 2006 Equipment Replacement Program. The total cost for the two units is \$643,840 (\$320,920 per unit plus \$1,000 each for upgrades) plus applicable taxes (less municipal rebate) and the Provincial Environmental Levy. Funding for the purchase of the two units 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 KCL West Holdings Inc. for two (2) 2008 Komatsu D65PX-15 bulldozers at a total cost of \$643,840 (\$320,920 per machine plus \$1,000 each to upgrade to full length rock guards) plus applicable taxes (less any municipal rebate received) and the Provincial Environmental Levy.

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