

COUNCIL ACTION FORM

SUBJECT: FLEET REPLACEMENT PROGRAM- WHEEL LOADER FOR RESOURCE RECOVERY

BACKGROUND:

Two rubber-tired wheel loaders are provided to the Resource Recovery Plant where they are used to handle the refuse delivered by the haulers and general public. Each machine is replaced on a 2 year life-cycle. Each new machine is operated for one year as the primary machine and one year as the back up machine. Each one will operate around 5,000 hours over those 2 years. A new machine is purchased each fall to meet this schedule.

Last year a more fuel efficient Volvo loader was purchased to support City Council's environmental sustainability goal. Bids for the new machine this year are listed below:

<u>Bidder</u>	<u>Make / Model</u>	<u>Base Bid</u>	<u>Guaranteed Buy Back</u>	<u>Net Bid</u>
Murphy	John Deere 624J	\$140,000	\$100,000	\$ 40,000
Scott Van Keppel	Volvo L90F	\$177,500	\$123,500	\$ 54,000
Mid-Land	Case 721E	\$131,144.62	\$ 71,000	\$ 60,144.62
Ziegler	Cat IT38H	\$171,799	\$110,000	\$ 61,799
Scott Van Keppel	Volvo L90F	\$153,555	\$ no bid	\$153,555

Fuel consumption rates (gallons per hour "GPH) as provided by the bidders, times a fuel cost of \$2.50 per gallon was used to determine the Projected Cost of Fuel:

<u>Make / Model:</u>		<u>Projected Cost of Fuel</u>
John Deere 624J	3.7 GPH x 5,000 hrs = 18,500 gallons x \$2.50	= \$46,250
Volvo L90F	2.4 GPH x 5,000 hrs = 12,000 gallons x \$2.50	= \$30,000
Cat IT38GII	4.0 GPH x 5,000 hrs = 20,000 gallons x \$2.50	= \$50,000
Case 721	2.85 GPH x 5,000 hrs = 14,250 gallons x \$2.50	= \$35,625

The "Evaluated Net Low Bid" calculation includes the cost of fuel, a full machine warranty, additional manuals, and a windshield guard for curved glass if needed; however no guards will be needed for these machines. The bidders have provided the cost of each item and a fuel consumption rate that has been converted to a fuel expense above. Using these data points, an Evaluated Net Low Bid can be determined, as shown below:

<u>Bidder</u>	<u>Net Bid</u>	<u>+ Fuel</u>	<u>+ Warranty</u>	<u>+ Manuals</u>	<u>= Evaluated Net Low Bid *</u>
Scott Van Keppel	54,000	30,000	3,650	535	= 88,185.00 *
Murphy	40,000	46,250	7,052	896	= 94,198.00
Mid-Land	61,144.62	35,625	3,850	675.83	=101,295.45
Ziegler	61,700	50,000	1,100	800	=113,600.00

The fleet replacement fund will have \$181,220 available in September of 2008 for this purchase of \$177,500 for the Volvo loader. Of that purchase amount, \$92,000 will come from the guaranteed buy back due on the John Deere wheel loader being replaced.

ALTERNATIVES:

1. Award the bid to Scott Van Keppel, L.L.C., of Cedar Rapids, Iowa, to purchase a 2008 Volvo L90F wheel loader for the base bid of \$177,500, and also purchase the full machine warranty for \$3,650, and purchase additional manuals for \$535, for a total cost of \$181,685. This recommendation includes accepting the guaranteed buy back offer of \$123,500 after 2 years. A purchase amount of \$178,035 will be funded by the fleet replacement fund, and the \$3,650 warranty will be paid (pro-rated monthly) from RRP operations over 2 years.
2. Delay award of bid and ask for more information.
3. Reject all bids.

MANAGER'S RECOMMENDATION:

The Director of Fleet Services and Resource Recovery Supervisors have reviewed the bids and determined that the Volvo wheel loader is an acceptable machine. This is another excellent bid result because it advances the City's efforts on fuel and exhaust emissions reductions. Resource Recovery operations will also experience lower fuel costs and since this machine operates inside the plant building most of the time, the building environment will benefit from the lower emissions, equating to a safer work environment. These wheel loaders operate on diesel fuel provided by the IDOT, which is 5% bio-diesel; this also compliments our cool city efforts.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, and award the bid to Scott Van Keppel, L.L.C., of Cedar Rapids, Iowa, to purchase a 2008 Volvo L90F wheel loader for the base bid of \$177,500, and also purchase the full machine warranty for \$3,650, additional manuals for \$535. This brings the total purchase cost to \$181,685. The Council would also then accept the guaranteed buy back offer of \$123,500 after 2 years.