

Recycling Truck Example 1 (Service Alternatives)

The township of Berkeley Heights is starting a curbside recycling program and needs to purchase an automated recycling collection truck. They are evaluating the three trucks below. It costs the township 6% per year to issue municipal bonds, so they've chosen that interest rate as their MARR. All else being equal, which truck should they purchase?



Initial cost = \$125,000
O&M costs = \$6000/yr
Salvage value = \$40,000
Useful life = 10 yrs



Initial cost = \$142,000
O&M costs = \$4200/yr
Salvage value = \$44,000
Useful life = 10 yrs



Initial cost = \$145,000
O&M costs = \$4000/yr
Salvage value = \$60,000
Useful life = 10 yrs