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<b>TO:</b>	<b>CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON MONDAY, MARCH 23, 2015</b>
<b>FROM:</b>	<b>JOHN BRAAM, P.ENG MANAGING DIRECTOR - ENVIRONMENTAL &amp; ENGINEERING SERVICES &amp; CITY ENGINEER</b>
<b>SUBJECT:</b>	<b>REPLACEMENT OF REAR LOADING GARBAGE PACKERS TENDERS T15-32 AND T15-33</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Managing Director - Environmental & Engineering Services & City Engineer,

1. The submission from Carrier Truck Centers Inc., 645 Athlone Place, Woodstock, Ont. N4S 7V8 for the supply of seven (7) 56,000lb. GVW Cab and Tandem Chassis (T15-32) at a submitted price of \$753,550.00 (excluding HST), **BE ACCEPTED**; and
2. The submission from Fanotech Enviro, 220 Old North Road, Huntsville Ont. P1H 2J4 for the manufacturing and installation of seven (7) Rear Loading Garbage Compactor Bodies at a submitted price of \$542,297.91 (excluding HST), **BE ACCEPTED**; and
3. Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this purchase; and
4. Approval hereby given **BE CONDITIONAL** upon the Corporation entering into a formal contract or having a purchase order, or contract record relating to the subject matter of this approval; and
5. That the funding for this purchase **BE APPROVED** as set out in the Source of Financing Report attached hereto as Appendix "A".

<b>BACKGROUND</b>
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**Purpose**

As per the Procurement of Goods and Services Policy section 8.10(b), when there is an irregular bid result on a tender greater than \$100,000, such as is the case here for the Cab and Chassis portion of the garbage packer, a report is to come before Committee and Council to confirm and approve the purchasing recommendation from staff.

The existing units to be replaced are 2005 models each with greater than 200,000 km of heavy household garbage collection and packing use as noted below:

#	Truck Number	Type of Chassis/Packer Body	Kilometres	Years of Service
1	09-009	2005 INTERNATIONAL 7400 with FANOTECH 25 cu.yd. REAR LOADING PACKER	210,000 kms	10 YEARS
2	09-010	2005 INTERNATIONAL 7400 with FANOTECH 25 cu.yd. REAR LOADING PACKER	204,000 kms	10 YEARS
3	09-011	2005 INTERNATIONAL 7400 with FANOTECH 25 cu.yd. REAR LOADING PACKER	201,000 kms	10 YEARS

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#	Truck Number	Type of Chassis/Packer Body	Kilometres	Years of Service
4	09-012	2005 INTERNATIONAL 7400 with FANOTECH 25 cu.yd. REAR LOADING PACKER	196,000 kms	10 YEARS
5	09-013	2005 INTERNATIONAL 7400 with FANOTECH 25 cu.yd. REAR LOADING PACKER	192,000 kms	10 YEARS
6	09-016	2005 INTERNATIONAL 7400 with FANOTECH 25 cu.yd. REAR LOADING PACKER	201,000 kms	10 YEARS
7	09-017	2005 INTERNATIONAL 7400 with FANOTECH 25 cu.yd. REAR LOADING PACKER	214,000 kms	10 YEARS



Figure 1 – 2005 International Cab and Chassis with Fanotech Rear Loading Compactor body

As background, the final analysis for these vehicles prior to replacement includes benchmarking and calculations on condition factors specific to both the Cab/Chassis and Packer Body to minimize the risk associated with:

- major failures
- reducing repair costs (Maintenance increases significantly particularly with older model packers that remain in daily use),
- maintaining reliability, and
- retaining reasonable remarketing value

Based on the above methodology and evaluation, it has been determined that these assets have reached their optimized life cycle.

**Purchasing Process**

On January 12, 2015, Fleet Services initiated the procurement with Purchasing & Supply for the replacement of seven (7) of its garbage packer units. As is customary in these types of builds Fleet Services tenders the cab and chassis in one tender and creates a separate tender for the specialized compaction bodies. This process provides the service area with the most cost effective solution and ensures the best value and control over the build process.

Purchasing and Supply then initiated and posted the two (2) tenders, T15-32 for seven (7) 56,000lb GWV Cab and Chassis and T15-33 for seven (7) Rear Loading Compactor Bodies.

In response six (6) potential bidders acknowledged and picked-up tender packages for the Compactor Bodies and four (4) potential bidders acknowledged and picked up information on the Cab and Chassis tender.

In the end the City received two (2) submissions for the compactor Bodies and one (1) bid for the cab and chassis. After opening, the results were as follows:

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- The lowest bid for the Compactor Bodies (T15-33) was from Fanotech Enviro, which met all the specifications and conditions and is therefore being recommended. In addition, the Fanotech rear loading compaction units match our existing fleet which is exclusively Fanotech compactor bodies for rear loaders which provides additional standardization efficiencies associated with using the same vehicles (e.g., Stocking Parts and Inventory control, mechanics and operator familiarization and training)
- The Cab and Chassis bid from Carrier Truck Centre (International) was the only bid for Tender T15-32, however was within the targeted budget and met all our specifications. It is therefore also being recommended despite the irregular result.

To summarize, the total purchase price of each garbage packer as presented in this report (Cab and Chassis plus body) is \$185,121.13 plus HST. It should be noted that prices across the board for these kinds of builds have increased as much as 5% over expected replacement costs. These increases are requiring adjustments to depreciation and capital contribution models to reflect these differences. Influencing factors include the price of materials (steel), labour, regulated environmental compliance standards, and the cost of utilities.

### **Financial Impact**

As part of the 2014 fleet capital budget process Fleet Services submitted a vehicle and equipment replacement list that was accepted and approved. Funding for the garbage trucks was identified in the 2014 replacement list and has been obtained from depreciation contributions over the useful life of the asset from the service area. The capital contributions are essentially banked in the Vehicle and Equipment Reserve Fund to cover the cost of the replacement purchase at the end of the life cycle.

Source of financing is attached Appendix "A".

<b>CONCLUSION</b>
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### **Conclusion**

Vehicle and Equipment replacements are a critical piece to ensuring staff continue to provide services effectively and efficiently. Our goal is to always optimize the useful life of the asset, year after year, until replacement is inevitable. Replacing equipment at the optimum life cycle keeps maintenance costs down, reduces downtime, lowers risk, increases safety and maximizes technological advancement and salvage recovery.

Garbage collection equipment plays a critical role in the delivery of the Solid Waste Household Collection Program for Londoner's. Timely replacements and managing these heavy demand fleet assets is very important to ensure continuity, effectiveness and efficiency of this service.

On the conclusion of the evaluation process, Fleet Services and Purchasing and Supply are recommending that the submissions from Fanotech Enviro for T15-33 (Rear Loading Garbage Compactor Bodies) and the submission from Carrier Truck Centre for T15-32 (Cab and Chassis), be accepted as they best meet the City's terms, conditions and specifications.

### **Acknowledgements**

This report was prepared by Mike Bushby, Division Manager Fleet and Operational Services, in conjunction with Frank Vanhie Manager of Fleet Planning, Dave Fawcett, Coordinator Fleet Planning, and Steve Mollon, CSCMP, Procurement Specialist.

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<b>SUBMITTED BY:</b>	<b>REVIEWED &amp; CONCURRED BY:</b>
<b>MIKE BUSHBY, BA DIVISION MANAGER FLEET &amp; OPERATIONAL SERVICES</b>	<b>ANNA LISA BARBON, CPA, CGA DIRECTOR, FINANCIAL SERVICES</b>
<b>RECOMMENDED BY:</b>	<b>REVIEWED &amp; CONCURRED BY:</b>
<b>JOHN BRAAM, P. Eng. MANAGING DIRECTOR, ENVIRONMENTAL &amp; ENGINEERING SERVICES &amp; CITY ENGINEER</b>	<b>JAY STANFORD, MA, MPA DIRECTOR ENVIRONMENT, FLEET &amp; SOLID WASTE</b>

Appendix "A" Source of financing

- c: John Freeman, Manager of Purchasing & Supply
- Steve Mollon, Procurement Officer, Purchasing & Supply
- Frank Vanhie, Manager of Fleet Planning