

TO:	CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON TUESDAY, DECEMBER 1, 2015
FROM:	JOHN BRAAM, P.ENG MANAGING DIRECTOR - ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER
SUBJECT:	RFP 15-54 SUPPLY AND DELIVERY OF LIGHT DUTY REPLACEMENT VEHICLES

RECOMMENDATION

That, on the recommendation of the Managing Director - Environmental & Engineering Services & City Engineer,

- (a) The proposal submitted by Mt. Brydges Ford Sales Ltd., 8791 Glendon Drive, Mt. Brydges Ontario for the supply and delivery of light duty vehicles; **BE ACCEPTED** for a three (3) year term with an option to extend the contract for two (2) additional, one year terms at the sole discretion of the City;
- (b) The Civic Administration **BE AUTHORIZED** to undertake all administrative acts which are necessary in connection with this award; and
- (c) The approvals given herein **BE CONDITIONAL** upon the Corporation entering into a formal contract or issuing a purchase order, or contract record relating to the subject matter of this approval.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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FLEET PROCUREMENT ALTERNATIVES

Board of Control Report October 27, 2004

<http://council.london.ca/CouncilArchives/Agendas/Board%20Of%20Control%20Agendas/Board%20of%20Control%20Agendas%202004/2004-10-27%20Agenda/Item%204.pdf>

LIGHT DUTY VEHICLE – BRAND STANDARDIZATION

Board of Control report June 1, 2005

<http://council.london.ca/CouncilArchives/Agendas/Board%20Of%20Control%20Agendas/Board%20of%20Control%20Agendas%202005/2005-06-01%20Agenda/Item%206.pdf>

RFP10-23 LIGHT VEHICLE - BRAND STANDARDIZATION

Built and Natural Environment Committee January 17, 2011

<http://council.london.ca/CouncilArchives/Agendas/Built%20and%20Natural%20Environment/BNEC%20Agendas%202011/2011-01-17%20Agenda/Item%205.pdf>

STRATEGIC PLAN 2015-2019

The following report supports the Strategic Plan in the important areas of Building a Sustainable City and Leading in Public Service.

Brand standardization is considered a best practice methodology for fleet asset management and demonstrates innovative, well planned, competitive and sustainable strategies consistent with Leading in Public Service.

Fleet asset management practices that include optimum life cycle analysis, green fleet technology, and economic and environmentally “right fit” transportation solutions falls very closely in line with the Building a Sustainable City strategy.

BACKGROUND

Purpose:

The purpose of this report is to seek approval to award a multi-year contract for the supply and delivery of light duty vehicles that have reached their optimum life in accordance with the Procurement of Goods and Services Policy.

Purchasing Processes

Prior to endorsement of a light vehicle brand standardization philosophy, endorsed by Municipal Council in 2005, Fleet Services and Purchasing and Supply typically created up to thirty tenders annually for the procurement of light vehicles. This created significant administrative time commitments and also resulted in various makes and models of vehicles in the fleet compliment. Since the brand standardization Request for Proposal (RFP) process has been adopted it has controlled costs by reducing administrative time, streamlining processes and reducing maintenance diversity of the fleet.

The current Light Vehicle Brand Standardization contract expires at the end of 2015 therefore Fleet Services, in co-operation with Purchasing and Supply, initiated a RFP to seek responses from new car dealers to supply all of the City’s light vehicle needs for a contract period of three (3) years with the option to renew for 2 additional, 1 year terms at the sole discretion of the City.

Eleven (11) potential vendors downloaded the RFP documents, 5 attended the mandatory bidders meeting and 3 proposal bids were received and accepted for evaluation.

Fleet Services and Purchasing and Supply evaluated the proposals received on the basis of meeting all the required terms and conditions, specifications, and value added criteria identified by the City of London. Proponents were scored based on the following aspects:

- Meeting Vehicle Specification Standard set by the City of London identified for each vehicle class
- Ability to supply a full range of light vehicles identified by the City of London. (Eleven (11) classes of vehicle were identified and proponents needed to provide a model in at least 10 of the 11 classes)
- 2016 vehicle pricing – standard vehicle base price
- Future years (2017, 2018) standard vehicle base pricing
- Price protection methodology
- Efficiency of models
- Alternative fuel technologies
- Administrative requirements
- Warranty policies
- Recall processes
- Technician training
- Mechanical service support
- Maintenance and service manuals
- Parts costs
- Service costs (e.g., Shop rates per hour)
- Additional value added features
- Cooperative buying options by City of London shared services partners (Fire Services, Library Services, London Hydro, LTC)

Discussion/Analysis

Context - Level of Service

The City of London public works fleet includes 249 light duty vehicles (62 cars and SUVs, 71 vans and 116 pick-up trucks). Fleet Services has forecasted that over the next three years, approximately 45 of these vehicles will be up for replacement evaluation each year.

The light vehicle classes incorporate Standard Compact Cars, Hybrid Compact Cars, SUV's, Mini Passenger and Cargo Vans, Full Size Cargo Vans, Standard Pick-ups, 4x4 Pick-ups, Heavy Duty Pick-ups and Crew Trucks. These vehicles fulfill the service areas diverse needs and are utilized to provide their important services to the citizens of London and businesses. The bullets below provide some context of how the different types of vehicles are utilized by Service Areas:

- Compact Cars - used widely in Bylaw Enforcement, Planning, Building Control and Engineering by inspectors, enforcement staff and field staff.
- Mini Vans - Cargo and Passenger type - used for construction inspector type applications, animal control units, shuttle units, and out of town travel.
- SUVs - typically used by Building Inspectors where travel on unassumed streets and building construction sites may require additional ground clearance.
- Hybrid Compact Cars – used in applications of higher kilometer usage patterns such as standards inspectors, inventory crews and Supervisors.
- Standard and 4x4 Pick-up trucks - significant class of vehicles that provide versatile functions for Supervisors, Parks Crews, Transportation and Roadside Crews, Paint and Traffic Crews.
- Full Size Vans - used extensively in trades applications by Plumbers Electricians, Painters, HVAC, Water Meter Servicers, On-Call Water Crews.
- Heavy Duty and Super Duty Pick-up trucks – may be equipped with a variety of attachments such as dump bodies, power tailgates, sanders and plows for winter operations. These pickups are used by Transportation and Roadsides crews and Parks and Horticulture crews.

The life cycles for most of the light vehicle classes range between 7 and 10 years based on specified use, asset management experience, technological advancements, wear and tear, mileage, remarketing, repair costs, and reliability.

Brand Standardization and Multi-Year Supplier Contract Analysis

Since its inception in 2005 the City of London has realized great value in several key areas with the implementation of brand standardization and a light vehicle supplier contract:

- Price Certainty and Competitiveness - the Light Vehicle RFP requires potential bidders to quote pricing for a three year contract period. This adds significant value particularly in forecasting capital budgets and ensuring accurate and sustainable charge out rates and depreciation calculations in the asset management model. Consistently, numerous vendors express interest leading to a very competitive process and pricing options.
- Parts Supply and Inventory – maintaining a single brand of unit in each of the light vehicle classes reduces the demand for parts inventory and storage facilities. Fewer parts leads to improved efficiency of fulfilling service/parts requests, streamlines preventative maintenance programs and ultimately resulting in reduced down time, less cost and customer satisfaction.

- Technician and Operator Training – An area often overlooked is the level of time, effort and costs needed to maintain mechanical skills and efficiency on a broad range of vehicle makes. The City of London’s Licensed Technicians are some of the most qualified technicians carrying both 310S (Automotive) and 310T (Truck and Coach) licenses and several other specialized training certificates. Similar rationale can be used on the operator side. Through brand standardization we can manage training dollars wisely and gain efficiency and expertise to keep costs low and increase efficiency and productivity.
- Continuity and Efficiency - The light vehicle contract philosophy maintains flexibility of model choice while standardizing vehicle manufacturer. Consultations with end users for vehicle solutions and replacement vehicles have become streamlined and productive - saving money and time. Purchasing processes are transparent and expedited making the commissioning and decommissioning of vehicle replacements predictable and seamless.
- Service and Accountability – A key deliverable to the success of both brand standardization and light vehicle contract has been the increased sense of accountability and service delivery of the successful vendor. The investment between the vendor and the City of London builds the business relationship and the resulted in improvements in meeting our expectations, offering competitive pricing and strengthening accountability.

Results

Mt. Brydges Ford Sales Ltd. provided the best overall bid and scored the highest in the evaluation. The recommended vendor met or exceeded all the terms, conditions and specifications set out in the RFP. In summary, the Mt. Brydges Ford Sales Ltd. submission:

- is the lowest cost proposal, providing the best pricing for the 2016 model year with competitive increases in future years,
- provides vehicle models in all 11 classes, and
- provides additional warranty options, service hours, discount on parts, incentives and free options on standard packages.

In addition to achieving the best result in the evaluation and the lowest cost proposal, Mt. Brydges Ford Sales Ltd. has been the City of London’s light vehicle vendor for the last ten years. This provides additional benefits of continuity, familiarization and efficiency as noted above.

It is important to recognize that there is no requirement, obligation, or guarantee to purchase a minimum amount and/or type of vehicle as part of this contract. Fleet Services completes vehicle replacement assessments at the end of the optimum lifecycle to explore the possibility of extending the lifecycle, ensuring the right fit vehicle for the purpose, reviewing utilization patterns and also considering potential green fleet alternatives.

It must be noted that vehicle prices in general continue to increase due primarily to price increases in steel, energy and transportation sectors. On average, the City is experiencing between 4% and 8% cost increases on a range of fleet and equipment.

Financial Impact

The expenditures for these purchases are funded through the Vehicle and Equipment Reserve Fund. On an annual basis, Fleet Services recovers replacement contributions for every fleet asset from the service areas. At the end of the optimum life of the asset the Vehicle and Equipment Capital Reserve Fund has recovered the necessary funds to replace that vehicle or piece of equipment. Each vehicle purchase under this contract is subject to budget approval and will follow the procedures as defined in the City of London’s Procurement of Goods & Services Policy.

The annual estimated value (based on the vehicle replacement schedule) is \$1,228,196 in 2016 based on the recommended vendor bid. Total expenditure over the three year term is projected to be \$3,752,770.

The operational efficiencies of brand standardization and the light vehicle contract will provide operating savings that will assist in maintaining affordable and sustainable rental rates over the life of the asset.

The multi-year price protection methodology provides sustainability and cost certainty during the multi-year budgeting process. This is particularly important as fleet purchases are vulnerable to price fluctuations triggered by the exchange rate of the Canadian dollar.

CONCLUSION

It is the conclusion of Fleet Services and concurred by Purchasing and Supply that the light vehicle purchasing contract and the brand standardization philosophy provides numerous capital and operating cost benefits including competitive pricing for current year models, price protection certainty for future years, and maintenance, operational and service efficiencies.

After evaluating the bids from RFP 15-54 it is the recommendation of staff to award the Light Duty Vehicle Contract, to Mt. Brydges Ford Sales Ltd., for the supply and delivery of light duty vehicles for the term specified.

Acknowledgements

This report was prepared in conjunction, Frank Vanhie Manager of Fleet Planning, Dave Fawcett, Coordinator Fleet Planning and Terri Sue Wyatt, Procurement Officer, Purchasing & Supply.

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c: John Freeman, Manager of Purchasing & Supply