

TO:	CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON MAY 10, 2016
FROM:	JOHN BRAAM, P.ENG MANAGING DIRECTOR - ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER
SUBJECT:	IRREGULAR RESULT – ROTARY MOWERS

RECOMMENDATION

That, on the recommendation of the Managing Director - Environmental & Engineering Services & City Engineer, the following actions **BE TAKEN**:

- (a) The revised/negotiated bid from Turf Care Products Canada Limited, 200 Pony Dr., Newmarket, Ontario, L3Y 7B6 for (4) four 2016 Toro GM4500D mowers, Tender (RFT 16-51) Section B, at a submitted price of \$276,644 (excluding HST), **BE ACCEPTED**;
- (b) The Civic Administration **BE AUTHORIZED** to accept the bid from Turf Care Limited, despite the irregular bid result, as per section 8.10(b) of the Procurement of Goods and Services Policy;
- (c) The Civic Administration **BE AUTHORIZED** to undertake all administrative acts which are necessary in connection with this award;
- (d) 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; and
- (e) That the funding for this purchase **BE APPROVED** as set out in the Source of Financing Report attached hereto as Appendix "A".

STRATEGIC PLAN 2015-2019

The following report supports the Strategic Plan through the strategic focus area of *Leading in Public Service* by being proactive in financial management services and procurement policies.

BACKGROUND

Purpose:

The City of London has thirteen existing turf maintenance units (mowers) that have reached the end of their optimum life cycle and are due for replacement in 2016. All thirteen units formed part of tender T16-51 and were divided up by type into four distinct sections based on the type of mower required. Competitive bids were received for 3 of the 4 tender sections and awards were completed administratively as per the Procurement of Goods and Services Policy.

Section "B" – Rotary Stripping Mowers, however did not have a competitive result in which two or more suppliers were able to submit compliant bids. Since Section "B" produced the irregular result staff are seeking approval through Committee and Council approval process as required in the Procurement of Goods and Services Policy.

Discussion/Context:

In March 2016, Fleet Services initiated a Request for Tender (RFT) with a split order award option for multiple types of turf mowing equipment to replace the existing units currently being utilized by Parks & Recreation (including sports fields) and at the City owned golf courses.

Four different types of mowers were included in this tender, each having its own set of specifications. The four mower types (and quantities for each type) were identified in the tender in the following sections:

- Section “A” (4) Wide Area Mowers
- Section “B” (4) Rotary Stripping Mowers
- Section “C” (2) Triplex Greens Mowers
- Section “D” (3) Triplex Tee Mowers

Purchasing Processes Tender Results:

Purchasing received bid submissions for the various sections on this tender. Sections “A”, “C” and “D” had acceptable competitive bids therefore were handled through the administrative approval process.

Section “B” Rotary Stripping Mowers, however produced an irregular result as only one fully compliant bid on this section was received. Two other bids were received but did not meet the specifications and/or the conditions of the tender.

The only bid that was able to meet all specifications and conditions was from Turf Care Products Canada Limited for their five deck Toro model GM4500D

An example of the Toro GM4500D Rotary Stripping Mower is to the right.



Financial Impact:

Funding for these mower replacements were identified and approved in the 2016 capital budget and was funded through contributions to the Vehicle and Equipment Reserve Fund (VERF) over the useful life of the asset from the service area. Source of Financing is found in Appendix A. A several step process was used as part of the Financial Impact analysis for this tender:

Step 1

The total estimated budget established for all of T16-51 was targeted at \$670,270 +HST for all 13 mowers. Based on our understanding of the equipment suppliers, the majority of this equipment was going to be sourced from the United States meaning that the lower Canadian dollar value would have an impact on bid prices.

Step 2

Sections “A”, “C” and “D” had acceptable competitive bids and were recommended and approved through the administrative approval process. This total value was \$432,446. This represents less than 1% increase above the budgeted amount of \$429,710.

Step 3

As previously noted, Section “B”, had an irregular result with only one compliant bidder. The purchase price submitted for each Rotary Stripping Mower was \$75,690 per unit with the total purchase price of \$302,760. This represented a >25% increase over the budgeted amount of \$240,560 for this line of mowing equipment.

It was determined by staff that >25% above budget was not acceptable particularly for a noncompetitive bid.

Under the terms of the Procurement of Goods and Services Policy, section 19.4(b), when there is an irregular result (Single compliant bid) and the bid is found **not** to be acceptable (above budget parameters) the City under 19.3(a), can enter into negotiation with the lowest responsive bidder to attempt to negotiate a price that is acceptable to the city. Staff were able to negotiate a revised purchase price of \$69,161 per unit for a total of \$276,644.

This represents a negotiated reduction of \$6,529 per unit and \$26,116 for the four units. The project is still 15% above budget but represents a value closer to the increases we have seen in other areas of vehicle and equipment procurement for units that are manufactured in the US.

Step 4

The total tendered prices plus the negotiated price for the Rotary Stripping Mowers is \$709,090 +HST. The total project costs are about 6% over the budget amount of \$670,270 +HST. Considering the spread in the value of the Canadian versus US dollar, this difference is viewed by staff as acceptable in the current market.

The deficit funding for this project will be from balances remaining in current and prior year capital projects that were either deferred, delayed or came in under budget. The VERF provides protection against short term trends and swings in the marketplace that can occur over the lifecycle of a vehicle or equipment.

CONCLUSION

In conclusion, staff recommend the revised bid from Turf Care Products Canada Limited, 200 Pony Dr., Newmarket, Ontario, L3Y 7B6 for Section “B” of Tender 16-51 and request approval be granted to proceed with the purchase of the (4) four 2016 Toro GM4500D mowers despite the irregular result.

Acknowledgements

This report was prepared with assistance from Frank Vanhie, Manager of Fleet Planning, Dave Fawcett, Specialist Fleet Planning, John Freeman, Manager of Purchasing & Supply, and Ian Harris, Procurement Officer.

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

Appendix A: Source of Financing

c: John Freeman, Manager of Purchasing & Supply