

<b>TO:</b>	<b>CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON JUNE 18, 2019</b>
<b>FROM:</b>	<b>KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR - ENVIRONMENTAL &amp; ENGINEERING SERVICES &amp; CITY ENGINEER</b>
<b>SUBJECT:</b>	<b>AWARD OF CONTRACT (RFP 19-22) – FOUR (4) COMPRESSED NATURAL GAS (CNG) REAR-LOADING WASTE COLLECTION TRUCKS</b>

<b>RECOMMENDATION</b>
-----------------------

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

- a) The submission from Team Truck Centers Inc., 795 Wilton Grove Road London, Ont. N6N 1N7, **BE ACCEPTED**; for the supply and delivery of four (4) CNG Rear Loading Waste Collection Trucks at a total purchase price of \$1,090,920 (\$272,730 per unit) excluding HST;
- b) Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this purchase;
- c) 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
- d) That the funding for this purchase **BE APPROVED** as set out in the Source of Financing Report attached hereto as Appendix "A".

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
--

Relevant reports that can be found at [www.london.ca](http://www.london.ca) under City Hall (Meetings) include:

- Business Case – Switching to Compressed Natural Gas (CNG) Waste Collection Trucks, September 25, 2018 meeting of the Civic Works Committee, Item #2.12

<b>COUNCIL'S 2019-2023 STRATEGIC PLAN</b>
---

Municipal Council has recognized the importance of solid waste management and climate change in its 2019-2023 - Strategic Plan for the City of London as follows:

#### **Building a Sustainable City**

London has a strong and healthy environment (Conserve energy and increase actions to respond to climate change and severe weather through Corporate Energy Management Conservation Demand Management Plan featuring Green Fleet Initiatives and Community Energy Action Plan)

#### **Leading in Public Service**

Londoners experience exceptional and valued customer service (Londoners experience exceptional and valued customer service and the City of London is a leader in public service as an employer, a steward of public funds and an innovator of service)

## BACKGROUND

### Purpose

The purpose of this report is to provide background information on the Request for Proposals (RFP) process to purchase four compressed natural gas (CNG) rear loading packers to replace four diesel packers that have reached the end of their life-cycle and seek Committee and Council approval for the recommended bidder (Figure 1).



Figure 1

### Context

#### Solid Waste Collection Program

The Solid Waste Collection program involves a fleet of thirty seven collection trucks. The large majority of which are rear loading residential collection units. Four (4) of the units have reached the end of their optimum service life and require replacement.

As part of the fuel switching business case, Fleet Services and Solid Waste initiated a Request for Proposal (RFP) with Purchasing and Supply for four (4) Compressed Natural Gas (CNG) powered waste collection trucks to replace the current diesel powered units.

As part of the replacement process the retiring vehicles were evaluated based on performance, maintenance costs, condition and risk to ensure they should be replaced. The retiring units all met the criteria for end of optimum service life. The existing units to be replaced are listed below:

#	Truck #	Type of Chassis/ Packer Body	Kilometres	Years of Service
1	09-018	2009 Freightliner 8.3L with Fanotech 25 cu.yd. rear loading packer body	194,330	10
2	09-019	2009 Freightliner 8.3L with Fanotech 25 cu.yd. rear loading packer body	190,229	10
3	09-020	2009 Freightliner 8.3L with Fanotech 25 cu.yd. rear loading packer body	200,923	10
4	09-021	2009 Freightliner 8.3L with Fanotech 25 cu.yd. rear loading packer body	191,477	10

In the RFP – Section 5: Options and Innovative Extras the proponents were asked to provide trade in values for the retiring assets for consideration by the Fleet Services Division and the Manager of Purchasing. The target salvage remarketing value for end of life vehicle and equipment assets is 15% of replacement value.

#### Addressing the Need for Action on Climate Change

On April 23, 2019, the following was approved by Municipal Council with respect to climate change:

*Therefore, a climate emergency be declared by the City of London for the purposes of naming, framing, and deepening our commitment to protecting our economy, our eco systems, and our community from climate change.*

Switching diesel garbage packers to CNG packers is an example of this declaration (e.g., “deepening our commitment) in action.

Each CNG packer reduces GHG emissions by about 5 tonnes per year. Once all 37 CNG waste collection trucks are in place, it is estimated that the switch from B5 biodiesel to CNG will reduce annual fleet GHG emissions by around 200 tonnes per year. This represents a 12% reduction in waste collection GHG emissions and a 3% reduction in overall fleet GHG emissions.

Using CNG as a fuel will also have significant air pollutant emission reductions, with an estimated 50% reduction in tailpipe fine particulate emissions, 90% reduction in nitrogen oxides, and the elimination of emissions of sulphur dioxide, diesel soot, and polycyclic aromatic hydrocarbons.

CNG waste collection vehicles will enhance quality of life in our communities by producing less noise than diesel trucks when operating through residential neighbourhoods during collection cycles. This is an important feature for waste collection service delivery especially during early morning waste pickup.

## DISCUSSION

### Purchasing Process

On May 14, 2019, the Request for Proposal (RFP 19-22) closed and Purchasing & Supply received two submissions for evaluation as follows:

Vendor	Model
Freightliner/Fanotech London Team Truck Centers 795 Wilton Grove Road London, Ontario	2020 Freightliner 114SD Chassis with Fanotech Rear Loading Compactor Body
Freightliner/JJEI/Labrie Cambridge Team Truck Centers 45 High Ridge Court, Cambridge, Ontario	2020 Freightliner 114SD Chassis with Labrie 2R-III Rear Loading Compactor Body through Joe Johnson Equipment (JJEI)

The RFP evaluation process included representation from Purchasing and Supply, Fleet Maintenance, Fleet Planning and Fleet Asset Management. The panel rated the submissions based on specific pre-determined criteria made available to the vendors.

The evaluation categories included the following:

1. Company Certification, Experience and Past Performance
2. Specifications
  - Part a) Cab and Chassis
  - Part b) Rear Loader Body and Equipment
3. Safety and Regulatory Compliance
4. Service Agreement Delivery, Training and Warranty
5. Options and Innovative Extras
6. Price

Each section was weighted based on their criticality, importance and value to the City of London.

## Results

Upon completion of the evaluation process and scoring it was determined that the London Team Truck Centre (Freightliner/Fanotech) submission scored the highest and met all the mandatory specifications and conditions therefore is being recommended. The bid from London Team Truck Centre was also the lowest financial submission.

In addition, the Fanotech rear loading compaction units have the same configuration and design of our existing fleet which is exclusively Fanotech compactor bodies for rear loaders. This provides additional efficiencies associated with standardization such as parts and inventory, Technician training, and operator familiarization.

Trade in allowances offered did not meet the target salvage value and will not be accepted as part of this RFP. The retiring assets will be sold at public auction through Fleet Planning and Purchasing and Supply.

## Financial Impact

The funding for replacement of four (4) diesel rear load collection trucks with CNG models is included in the approved fleet capital budget in capital project ME201801.

Due to market changes with raw materials costs, currency exchange rates, trade/tariffs, and inflation the 2019 estimated replacement budget for four (4) vehicles was set at \$1,148,000 (\$287,000 per unit) excluding HST. The recommended submission from Freightliner/Fanotech – London Team Truck Centres was \$1,090,920 (\$272,730 per unit) excluding HST. This results in a budget savings of \$57,080 excluding HST (or \$58,085 including the non-refundable portion of HST

Ongoing operating costs for fuel, maintenance, inspection/service, and capital replacement are funded through the internal rental rate process and charged to the program. The amounts are calculated based on historical cost experience averaged over three years of operation for similar units in the equipment class.

Fuel savings realized from the implementation of CNG collection vehicles will be used over the next 8 years (2020-2027) to repay the Efficiency, Effectiveness & Economy reserve. Per the September 25, 2018 Civic Works Committee report this reserve was the source of funding for changes at the City's operations facilities that are required to support the maintenance of CNG vehicles.

Source of financing is attached as Appendix "A".

<b>CONCLUSION</b>
-------------------

Based on the discussion and analysis above, Fleet Services in conjunction with Purchasing and Supply recommend that RFP 19-22 - CNG Waste Collection Trucks be awarded to London Team Truck Centres, 795 Wilton Grove Road, London, Ontario, N6N 1N7.

The (Freightliner/Fanotech) London Team Truck Centre submission scored the highest in the evaluation criteria and had the lowest bid price and is within the estimated budget forecast for the project. In addition, staff both in operations and within fleet services have familiarity and experience with the Freightliner chassis and Fanotech bodies that will provide value and efficiencies with respect to training, parts inventory/supply, knowledge/experience and process standardization.

## Acknowledgements

This report was prepared with input from Barrie Galloway, Manager Fleet Maintenance, Steve Mollon, Manager of Fleet Planning and Sarah Denomy Procurement Officer, Purchasing and Supply.

<b>SUBMITTED BY:</b>	<b>REVIEWED &amp; CONCURRED BY</b>
<b>MIKE BUSHBY, BA DIVISION MANAGER, FLEET &amp; OPERATIONAL SERVICES</b>	<b>JAY STANFORD, MA, MPA DIRECTOR, ENVIRONMENT, FLEET &amp; SOLID WASTE</b>
<b>RECOMMENDED BY:</b>	
<b>KELLY SCHERR, P. ENG., MBA, FEC MANAGING DIRECTOR, ENVIRONMENTAL &amp; ENGINEERING SERVICES &amp; CITY ENGINEER</b>	

Appendix A Source of Financing

- C: John Freeman, Manager of Purchasing & Supply  
Steve Mollon, Manager of Fleet Planning  
Barrie Galloway, Manager of Fleet Maintenance  
Sarah Denomy, Procurement Officer