

<b>TO:</b>	<b>CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON SEPTEMBER 24, 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>ALL TERRAIN, TURF AND GOLF UTILITY VEHICLES - CONTRACT AWARD BASED ON IRREGULAR TENDER RESULT</b>

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

- a) Civic Administration **BE AUTHORIZED** to engage in a single source contract negotiation as per the Procurement of Goods and Services Policy Section 19.4 c) with Hyde Park Equipment, 2034 Mallard Rd, London, Ont. N6J 1G4, for the supply and delivery of three (3) All-Terrain Utility Vehicles (Kubota model RTV-X1100C) at a total purchase price of \$87,561.39 (\$29,187 per unit) excluding HST;
- b) Civic Administration **BE AUTHORIZED** to engage in a single source contract as per the Procurement of Goods and Services Policy Section 19.4 c) with Podolinski Equipment Ltd. 6057 Petrolia Line, Petrolia Ont. NON 1RO, the supply and delivery of two (2) Turf Utility Vehicles (John Deere Progator model 2030A) at a total purchase price of \$73,190 (\$36,595 per unit) excluding HST; and the supply and delivery of five (5) Golf Utility Vehicles (John Deere Turf Gator) at a total purchase price of \$57,995 (\$11,599 per unit) excluding HST;
- c) Civic Administration **BE AUTHORIZED** to utilize this tender result and single source approval to engage these vendors directly for future replacements of vehicles in these classifications for a contract period of two (2) years with two (2) additional option years subject to performance and pricing;
- d) Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this purchase;
- e) 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
- f) That the funding for this purchase **BE APPROVED** as set out in the Source of Financing Report attached hereto as Appendix "A".

<b>COUNCIL'S 2019-2023 STRATEGIC PLAN</b>
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Municipal Council has recognized in its 2019-2023 - Strategic Plan for the City of London the importance of:

**Building a Sustainable City**

London's infrastructure us built, maintained, and operated to meet long-term needs of our community

- Manage assets to prevent future infrastructure gaps

## Leading in Public Service

Londoners experience exceptional and valued customer service

- Increase responsiveness to our customers
- Increase efficiency and effectiveness of service delivery

## BACKGROUND

### Purpose

The purpose of this report is to provide background information on the Request for Tender (RFT) process and seek approval of the recommendation to negotiate a Single Source replacement of the all-terrain (Figure 1), turf (Figure 2) and golf utility (Figure 3) equipment that is at the end of optimum service life.



Figure 1 – All-Terrain Utility Vehicle



Figure 2 – Turf Utility Vehicle



Figure 3 – Golf Utility Vehicle

### Context

Light duty utility vehicles continue to be a popular and effective vehicle for providing services in a variety of work applications for Horticulture Services, Sports Fields, Golf Course Maintenance and Solid Waste Operations. These units provide excellent operational versatility, function and efficiencies navigating and working in off road work areas.

## DISCUSSION

Ten existing work utility vehicles (Three All-Terrain, Two Turf Utility and Five Golf Utility Vehicles) have reached their optimum service life and require replacement. Units that will be replaced are:

- two 2010 Kubota 1100 RTV's,
- two 2011 John Deere Pro-gator 2030A,
- five 2011 John Deere TX Gator 4x2, and
- one 2011 John Deere TH Gator 6x4. The decommissioned vehicles will be sent to public auction.

During pre-replacement discussions with the end users, it was determined that two of the units should be upsized in order to meet the job requirements and be compatible with existing attachments. The size and configuration of the Kubota RTV will increase function and utilization within the assigned areas. This was specified in the tender.

The tender also specified that the successful bidder will be engaged directly for these types of vehicles for a contract period of two (2) years with two additional one (1) year terms based on continued performance and pricing requirements.

### **Purchasing Process**

Fleet Planning initiated a tender through Purchasing and Supply and received bids from three suppliers, however, only one compliant bid was received in each classification. The low bidder of the golf utility vehicles was rejected because the model bid was non-compliant to the mandatory minimum specifications. This resulted in an irregular result and requires approval as per Section 19.4 c) and Schedule "A" of the Procurement of Goods and Services Policy:

#### 19.4 Only One Bid Received

- c. In the event that the bid received is found acceptable, it will be awarded as an Irregular Result under Schedule "A" of this Policy.

Schedule "A" - When dollar value is greater than \$100,000, a Request for Tender with an Irregular Result is approved by Committee and City Council

Despite using a public competitive process, only two vendors offer the specialty products that comply with the specifications that meet the City's needs. For transparency and compliance with the Procurement of Goods and Services Policy, this report recommends exercising Section 19.3 b) to negotiate and award the purchase of the Turf Utility and Golf Utility units to Podolinski Equipment Ltd. (John Deere) and the purchase of for the All-Terrain Units to Hyde Park Equipment (Kubota).

Kubota and John Deere brands in these classes have been a proven equipment choice for the City of London in the past and are compatible with the existing attachments including slide in sprayers and winter equipment (plows, sanders, blowers).

### **Financial Impact**

Funding for this purchase has been approved through the ME201801 and ME201901 fleet capital programs. Additional features outside of the budgeted replacement in the fleet capital program that were requested by the Solid Waste service area will be funded through the existing capital project SW601417. The estimated replacement cost for this project was \$169,000 excluding HST. An additional \$17,887.13 excluding HST will be supplied from SW601417 to accommodate the required specifications. Pending final negotiations, the recommended submissions from Podolinsky Equipment and Hyde Park Equipment is estimated to total \$218,746.39 excluding HST. At that bid price this project exceeds initial estimates by \$31,859.26 which is available in the identified fleet capital projects.

This cost variance can be attributed to continued market changes and higher than expected price increases in the specialty equipment category like all-terrain and turf utility vehicles. Suppliers in the market have faced challenges such as cost increases on raw materials, currency exchange rates, trade tariff pressures and general inflationary increases.

The ongoing operating costs of these new vehicles will continue to be supported through the Service Areas via internal rental rates.

<b>CONCLUSION</b>
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Fleet Services, in conjunction with Purchasing and Supply, recommend Single Source negotiation and award for the Supply and Delivery of All-Terrain, Turf, and Golf Utility Vehicles for the current utility vehicles that are at the end of their service life and also for an additional contract period of two (2) years with two (2) option years subject to pricing and performance.

An attempt has been made to acquire the goods through a Request for Tender process, however it failed to identify more than one compliant bidder in each vehicle classification, resulting in an irregular bid result.

The vendors recommended have demonstrated performance working for the City of London. Both the John Deere and Kubota products recommended have compatibility and standardization with the City's existing fleet and have local support for technical service, parts, and warranty requirements.

Based on the information provided, Fleet Services and Purchasing & Supply believe that exercising the option to enter into single source negotiation for these vehicles is the best decision in the circumstances and provides the best opportunity to negotiate a fair price and ensure the best vehicle for the work applications as possible.

<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