

<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>AWARD OF CONTRACT (RFP 19-29) – SIXTEEN (16) TANDEM AXLE TRUCKS WITH DUMP BOXES AND PLOW EQUIPMENT</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) The submission from Team Truck Centers Inc., 795 Wilton Grove Road London, Ont. N6N 1N7, **BE ACCEPTED**; for the supply and delivery of sixteen (16) tandem axle dump trucks and plow equipment at a total purchase price of \$3,753,430 (\$234,589.38 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>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

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

The purpose of this report is to provide background information and seek Committee and Council approval to purchase sixteen (16) tandem axle dump trucks and snow plow equipment (Figure 1, next page) to replace units that have reached the end of their optimum life-cycle (10 years).



**Figure 1: Tandem Axle Dump Truck and Snow Plow Equipment**

### Context

The City tandem axle dump truck and road snow plow fleet consists of forty units. These versatile assets are utilized year round between Roads and Transportation, Sewer Operations and Water Operations. In the summer construction season they are used to transport granular material and haul away excavated materials from projects. In the winter season all these units are outfitted for various winter operational activities including snow loading, snow plowing and sand/salt spreading.

Within the approved 2018 and 2019 capital vehicle and equipment replacement program, sixteen (16) tandem dump truck snow plow units will reach the minimum ten (10) year life cycle and require the replacement initiation.

As part of the replacement process the retiring vehicles were evaluated based on performance, downtime, maintenance costs, condition and risk. Units with lower kilometres went through an additional analysis to determine if lifecycles could be extended or if the units could be retained as viable spare units for operational purposes. In all cases, the units reviewed, despite their lower kilometres, have exceeded the targeted maintenance costs throughout their lifecycle. In addition, the performance of this entire make and model have been very poor with issues ranging from EGR coolers to total engine replacements on some units. Extending the life will increase the already inflated maintenance and repair costs on these units, increase the risk of engine failures and will reduce salvage values. Keeping these assets as spare units is also not recommended as the intermittent use of a spare unit will result in rapid deterioration of brake, air and hydraulic systems making them even less reliable and costly as they fall into poor condition.

In the end, the retiring units all met the criteria for end of optimum service life as defined by City asset management practices which includes achieving about a 15% residual when sold in the marketplace. The units to be replaced are listed below:

#	Truck #	Type of Chassis	Kilometres	Years of Service
1	07-066	2009 International 7500	209,840	10
2	07-067	2009 International 7500	172,022	10
3	07-068	2009 International 7500	133,403	10
4	07-069	2009 International 7500	118,303	10
5	07-070	2009 International 7500	145,693	10
6	07-071	2009 International 7500	201,262	10
7	07-072	2009 International 7500	144,243	10
8	07-073	2009 International 7500	158,481	10
9	07-074	2009 International 7500	186,945	10

#	Truck #	Type of Chassis	Kilometres	Years of Service
10	07-075	2009 International 7500	136,161	10
11	07-076	2009 International 7500	147,239	10
12	07-077	2009 International 7500	181,159	10
13	07-078	2009 International 7500	155,600	10
14	07-118	2008 International 7500	248,230	11
15	07-119	2008 International 7500	287,247	11
16	07-120	2008 International 7500	233,211	11

Since the build time for these type of vehicles is expected to be between 250-300 days, it is important to proceed now as these units will have to endure another year of service life before the replacements are delivered and commissioned.

## DISCUSSION

### Purchasing Process

On June 27, 2019, the Request for Proposal (RFP 19-29) was issued and closed on July 29, 2019. Purchasing & Supply received two submissions for evaluation as follows:

Vendor	Model
Team Truck Centers (London) 795 Wilton Grove Road London, Ontario N6N1N7	2020 Freightliner 108SD Chassis with Beau-Roc Dump Body and Viking Cives Plow Equipment
Carrier Centres 645 Athlone Place, Woodstock Ontario N4S 7V8	2020 International HV607 with Beau-Roc Dump Body and Viking Cives Plow Equipment

The RFP evaluation panel was coordinated by the Fleet Planning Manager and the process managed by the assigned Procurement Officer. The panel included representation from Roads and Transportation, Fleet Maintenance, and Fleet Asset Management/Administration. The submissions were evaluated based on specific pre-determined criteria made available to all interested vendors. Each section was weighted based on criticality, importance and value to the City of London. The evaluation categories included the following:

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

### Results

Upon completion of the evaluation process and scoring it was determined that the Team Truck Centre submission scored the highest and met all the mandatory specifications and conditions, therefore is being recommended. The bid from Team Truck Centre was also the lowest price. Trade in allowances were not provided by either proponent therefore the retiring assets will be sold at public auction.

## Financial Impact

The funding for replacement of the sixteen (16) tandem axle dump trucks and associated winter plow equipment was approved as part of the 2018 and 2019 Vehicle and Equipment Replacement Capital Budget.

The estimated replacement budget for the project was \$3,565,430 (\$222,855 per unit) excluding HST. The recommended submission from Team Truck Centres (London) was \$3,753,430 (\$234,589.38 per unit) excluding HST.

This project has a budget shortfall of \$187,750 (\$11,734.38 per unit) and is attributed to continued market changes in the heavy truck and body building industry. Challenges include costs of raw materials, currency exchange rates (all US built chassis), environmental control systems, trade/tariffs pressures and general inflationary increases across the board in the manufacturing sector. The additional funding required is available within the larger overall approved ME201801 and ME201901 capital projects.

Ongoing operating costs for fuel, maintenance, inspection/service, overhead and future capital replacement are funded through the internal rental rate process and charged to the service areas. The amounts are calculated based on future replacement costs and historical cost experience for similar units in those equipment classes.

<b>CONCLUSION</b>
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Based on the discussion and analysis above, Fleet Services in conjunction with Purchasing and Supply recommend that RFP 19-29 - Supply and Delivery of Tandem Axle Dump Trucks and Plow Equipment be awarded to Team Truck Centres (London), 795 Wilton Grove Road, London, Ontario, N6N 1N7.

The Team Truck Centre submission scored the highest in the evaluation criteria and had the lowest bid price. In addition, staff in operations and within fleet services have familiarity and experience with the Freightliner, Viking and Beau-Roc products and have confidence they will provide good value with respect to performance, quality, service and reliability.

<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