

TO:	CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON NOVEMBER 17, 2020
FROM:	KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR - ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER
SUBJECT:	AWARD OF CONTRACT OPTION RENEWAL (RFP 19-29) – TANDEM AXLE TRUCKS WITH DUMP BOXES AND PLOW EQUIPMENT

RECOMMENDATION

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

- a) Submission from Team Truck Centers Inc., 795 Wilton Grove Road London, Ont. N6N 1N7, **BE ACCEPTED**; for four (4) additional one (1) year option periods beginning December 1, 2020 for the supply and delivery of tandem axle dump trucks and plow equipment for in accordance with the Procurement of Goods and Services Policy, section 20.2 a. v.
- b) Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with these purchases;
- 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 in accordance with the Procurement of Goods and Services Policy, section 12.2 (b); and
- d) That the funding for this purchase **BE APPROVED** as set out in the Source of Financing Report attached hereto as Appendix "A".

COUNCIL'S 2019-2023 STRATEGIC PLAN

This report is in line with the Strategic Plan for the City of London in the following areas:

Building a Sustainable City

London's infrastructure is 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 request approval to exercise contract renewal option years as stated in RFP19-29 that was originally approved by Council on October 1, 2019.



DISCUSSION

RFP19-29 was awarded to Team Truck Centres in October of 2019. Contract C19-125 (Appendix C) was issued to Team Truck Centre and a Purchase Order was issued for sixteen tandem axle dump trucks and associated winter plow equipment. The contract identified four (4) option year periods (2020-2023), as per the RFP document that could be awarded subject to verified quality of the product, performance of the vendor and their partners and lastly, fair pricing.

The 16 new tandem axle dump trucks and associated winter plowing attachments purchased in 2019 have been delivered to the City and have been commissioned. Both Team Truck Centres as the contracted Vendor and the quality of the product has met or exceeded expectations in all phases of the purchase of these assets. Therefore it is Fleet Services recommendation that the available option years be utilized for the forecasted replacements with annual reviews to ensure the criteria continues to be met.

Over the next three years, Fleet Planning has identified ten (10) additional tandem axle dump trucks with plow equipment that will be at or beyond their expected life cycle. The table below lists the replacement schedule from 2020 – 2023.

#	Truck #	Type of Chassis	Years of Service	Replacement Year
1	07-079	2009 International 7500	12	2021
2	07-080	2009 International 7500	12	2021
3	07-081	2009 International 7500	12	2021
4	07-082	2009 International 7500	12	2021
5	07-083	2012 International 7500	10	2022
6	07-084	2012 International 7500	10	2022
7	07-085	2012 International 7500	10	2022
8	07-086	2012 International 7500	10	2022
9	07-087	2012 International 7500	10	2022
10	07-088	2012 International 7500	11	2023

Financial Impact

The funding for replacement of the ten (10) tandem axle dump trucks and associated winter plow equipment was approved as part of the 2020 - 2023 Vehicle and Equipment Multi-Year Replacement Capital Budget. The table below indicates the estimated replacement cost and capital budget for each contract option year.

Year	# of Units	Capital Project #	Estimated Replacement Cost
2021	4	ME202101	\$993,180
2022	5	ME202201	\$1,241,500
2023	1	ME202301	\$248,300

Pricing for Heavy Trucks and Equipment will increase over the period covered by the option years 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/tariff pressures and general inflationary increases across the board in the manufacturing sector. Fleet Planning will negotiate the best available price and believes the leverage of a large long term contract is a benefit to the vendor and the City to ensure the best possible pricing is negotiated for each option year.

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.

Source of Financing is attached as Appendix "A".

CONCLUSION

Based on the discussion and analysis above, Fleet Services in conjunction with Purchasing and Supply recommend that the contract option year renewals stated in 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.

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

- Appendix A Source of Financing
- Appendix B 2019-09-24 Resolet 2.7- 13 CWC
- Appendix C Contract Record C19-125

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

APPENDIX 'A'

#20160

November 17, 2020
(Award Contract)

Chair and Members
Civic Works Committee

RE: Reward of Contract Option Renewal (RFP19-29)
Tandem Axle Trucks with Dump Boxes and Plow Equipment
(Subleger 2498017-2498024)
Capital Project ME202101 - Vehicles & Equipment Repl - TCA
Team Truck Centers Inc. - \$993,200.00 (excluding H.S.T.)

FINANCE & CORPORATE SERVICES REPORT ON THE SOURCES OF FINANCING:

Finance & Corporate Services confirms that the cost of this project can be accommodated within the financing available for it in the Capital Works Budget and that, subject to the adoption of the recommendations of the Managing Director of Environmental and Engineering Services and City Engineer, the detailed source of financing for this project is:

<u>SUMMARY OF ESTIMATED EXPENDITURES</u>	<u>Approved Budget</u> 2)	<u>Committed to Date</u>	<u>This Submission</u>	<u>Balance for Future Work</u>
Vehicle & Equipment	\$4,462,241	\$1,208,236	\$1,010,680	\$2,243,325
NET ESTIMATED EXPENDITURES	<u>\$4,462,241</u>	<u>\$1,208,236</u>	<u>\$1,010,680</u> 1)	<u>\$2,243,325</u>
<u>SUMMARY OF FINANCING:</u>				
Capital Levy	\$117,460	\$117,460		\$0
Drawdown from Vehicles & Equipment R.F.	4,344,781	1,090,776	1,010,680	2,243,325
TOTAL FINANCING	<u>\$4,462,241</u>	<u>\$1,208,236</u>	<u>\$1,010,680</u>	<u>\$2,243,325</u>

1) **FINANCIAL NOTE:**

	<u>ME202101</u>
Contract Price	\$993,200
Add: HST @13%	129,116
Total Contract Price Including Taxes	1,122,316
Less: HST Rebate	111,636
Net Contract Price	<u>\$1,010,680</u>

2) ME202101 is included in the 2020-2023 Multi-Year Budget capital plan and is subject to Council re-confirmation of the 2021 Annual Budget Update. The actual expenditures committed to this project will not occur until 2021.

3) Units purchased in 2022 and 2023 will be included in a future source of financing.

kw

Jason Davies
Manager of Financial Planning & Policy

APPENDIX B

P.O. Box 5035
300 Dufferin Avenue
London, ON
N6A 4L9

October 2, 2019

K. Scherr
Managing Director, Environmental and Engineering Services and City Engineer

I hereby certify that the Municipal Council, at its meeting held on October 1, 2019 resolved:

That, on the recommendation of the Managing Director, Environmental and Engineering Services & City Engineer, the following actions be taken with respect to the award of contract (RFP 19-29):

- 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) the 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) the funding for this purchase BE APPROVED as set out in the Source of Financing Report appended to the staff report dated September 24, 2019. (2019-L04) (2.7/13/CWC)

C. Saunders
City Clerk
/lm

- cc. J. Stanford, Director, Environment, Fleet and Solid Waste
J. Freeman, Manager III, Purchasing and Supply
S. Mollon, Manager, Fleet Planning
B. Galloway, Manager Operations – Fleet Maintenance
M. Bushby, Division Manager, Fleet and Operational Services
S. Denomy, Procurement Officer
T. Lee, Administrative Assistant
G. Smith, Manager I, Purchasing and Supply Operations
T. Turner, Manager I, Purchasing and Supply Operations
K. Lee, Administrative Assistant II
P. McClennan, Executive Administration Assistant, Managing Director and City Engineer

APPENDIX C


CONTRACT RECORD
 CORPORATE SERVICES - PURCHASING AND SUPPLY

 CONTRACT NUMBER
 C19-125

Page 1 of 1

Supply and Delivery of Tandem Axle Snow Plow Trucks				HST <input type="checkbox"/> INCL <input checked="" type="checkbox"/> EXTRA <input type="checkbox"/> EXEMPT <input type="checkbox"/> N/A				
SUPPLIER'S NAME: Team Truck Centres				HST REGISTRATION NO. 102183989				
VENDOR NO. 218836		SPECIAL PAYEE NO. NA		TERMS: Net 30 Days				
STREET ADDRESS: 795 Wilton Grove Rd				F.O.B.				
CITY: London	PROVINCE: ON	POSTAL CODE N6N 1N7		CARRIER / FREIGHT CHARGES:				
VENDOR CONTACT: Tim Bartlett	PHONE NO. 226-721-0705	CELL NO.		EMAIL: tbartlett@teamtruck.com				
PROCUREMENT SPECIALIST: Sarah Denomy	PHONE NO. 519-861-2489 x 4715	FAX NO. 519-861-5030	CONTRACT PERIOD	YR.	MO.	DAY	TO	
PRICE FIRM <input checked="" type="checkbox"/>	PRICE NOT FIRM <input type="checkbox"/>	SUBJECT TO:	2019	10	01	2020	09	
REFERENCE RFP19-29	OPTION YEARS:	Terms & Conditions as noted in RFP19-29 Tandem Axle Cab and Chassis with Dump Body, Plow and Wing. The term of the contract is for one (1) year.						
	The City at its absolute sole discretion has the option to renew the contract for an additional four (4) one (1) year periods.							
	Option Year 1 - October 1, 2020 - September 30, 2021							
	Option Year 2 - October 1, 2021 - September 30, 2022							
	Option Year 3 - October 1, 2022 - September 30, 2023							
	Option Year 3 - October 1, 2023 - September 30, 2024							
ITEM NUMBER	PRODUCT DESCRIPTION	CURRENT PRICE	PRICE REVISIONS					
			YR.	MO.	DAY	YR.	MO.	DAY
	Tandem Cab & Chassis as per Specification 070-47-14 with Dump Body and one-way plow and wing as per specification 765-81-02 plumbed for two-way plow	\$231,260						
	Tandem Cab & Chassis as per Specification 070-47-14 with Dump Body and one-way plow and wing as per specification 765-81-02 plumbed for two-way plow and including a towing package	\$233,090						
	Tandem Cab & Chassis as per Specification 070-47-14 with Dump Body and one-way plow and wing as per specification 765-81-02 also plumbed for two-way plow and prepped for City of London supplied Giletta UH4000 Salt Spreader (incl Sander tie downs in box)	\$237,130						
	Tandem Cab & Chassis as per Specification 070-47-14 with Dump Body and two-way plow and wing as per specification 765-81-02 also plumbed for one-way plow and prepped for City of London supplied Giletta UH4000 Salt Spreader (incl Sander tie downs in box)	\$239,260						

SPECIAL INSTRUCTIONS:

Invoices must reference contract number C19-125 and be directed to Steve Mollon

The City reserves the right, at its absolute sole discretion, to cancel this contract with thirty (30) days written notice, without penalty

Per _____

AUTHORIZED SIGNATURE

/sd