

Report to Civic Works Committee

To: Chair and Members
Civic Works Committee

From: Kelly Scherr, P.Eng., MBA, FEC
Managing Director, Environmental & Engineering Services
and City Engineer

Subject: RFP20-72 Supply & Delivery of Medium Duty Crew Cab
Trucks

Date: January 19, 2021

Recommendation

That, on the recommendation of the Managing Director, Environmental and Engineering Services & City Engineer,

- a) The submission from Carrier Centers, 90 Enterprise Drive, London, Ontario, N6N 1A8, **BE ACCEPTED**; for the supply and delivery of four (4) medium duty crew cab trucks at a total purchase price of \$578,955, excluding HST, in accordance with Section 12.2 b) of the Goods and Services Policy which states: Awards under the Request for Approval (RFP) process require the following approval: Committee and City Council must approve an RFP award for purchases greater than \$100,000;
- b) Fleet Services **BE AUTHORIZED** to award a contract term of one (1) year for the replacement of (4) four units in 2021, with three (3) option years to replace nine (9) units in 2022, and ten (10) units in 2023 as per the replacement schedule approved in the 2020-2023 capital budget, funded by ME202201 and ME202301 capital projects;
- c) Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with these purchases;
- d) 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 Section 12.2 b) of the Goods and Services Policy which states: Awards under the RFP process require the following approval: Committee and City Council must approve an RFP award for purchases greater than \$100,000; and
- e) That the funding for this purchase **BE APPROVED** as set out in the Source of Financing Report attached hereto as Appendix A.

Executive Summary

This report recommends the award of a vendor of record contract for one (1) year with three (3), one-year options to the highest scoring proponent of RFP20-72, Carrier Centers. The RFP was issued by Purchasing & Supply and four (4) proposals were submitted for evaluation by Fleet Planning and Fleet Maintenance.

This report discusses the background, purchasing process and evaluation criteria, and financial impact considered in the recommendation to award to the highest scoring proponent.

Linkage to the Corporate Strategic Plan

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

Analysis

1.0 Background Information

On an annual basis, Fleet Services reviews and replaces vehicles and equipment that have reached the end of their optimum life cycle. This RFP was initiated to replace two (2) single axle medium duty crew cab work trucks with dump bodies, one with a deck mounted crane. One unit supports Roadside Operations, the second unit supports Sewer Operations. Included in the RFP were two (2) additional single axle medium duty crew cab work trucks that received funding approval through assessment growth.

These types of trucks are crew trucks. Three are used by Sewer Operations in a wide variety of material handling tasks year-round for regular and emergency response duties. The units are critical for service delivery as they haul waste material away from multiple project sites and the cranes are also used for various rigging applications and to move and manipulate materials so they can be placed safely and accurately.

As part of the replacement process, Roadside and Sewer Operations staff were consulted to determine if operation needs were being met by the current vehicle design and if any changes were required. Some changes to enhance ergonomics and operator safety were made, and Health and Safety reviewed and approved the final specifications.

2.0 Discussion and Considerations

2.1 Purchasing Process

Due to the complexity and various configurations and box designs available in this class of equipment, it was decided to use a RFP procurement process to encourage bidders to be creative and apply their expertise to ensure the best overall value for the service area and the City was realized.

Fleet Planning, through Purchasing and Supply, initiated the proposal process for four (4) medium duty crew cab trucks on November 3, 2020. The RFP closed on December 3, 2020 and resulted in four compliant bids to evaluate.

2.2 Evaluation and Results

The evaluation team was chaired by a Procurement Officer and consisted of representatives from Fleet Maintenance and Fleet Planning. The evaluation criteria, weighting and the scoring is listed below:

- Mandatory Appendix E - Pass/Fail
- Company Certification, Experience and Past Performance - 15% weighting
- Specifications - 40% weighting
- Efficiency, Safety and Regulatory Compliance - 10% weighting
- Service Support, Delivery, Training, and Warranty - 10% weighting
- Price - 25% weighting

The evaluation determined that the proposal from Carrier Centers, with Commander Industries as the body subcontractor, was the highest scoring proposal and was also the lowest priced proposal.

2.3 Disposal of Decommissioned Units

Bidders were asked to provide details on trade-in options of the retiring units. Carrier Centers was the only bidder to submit optional trade-in values. The trade values were determined to be insufficient to meet Fleet Planning's salvage target so the retiring units will be sold at public auction.

3.0 Financial Impact

3.1 Project Budget

Funding to replace two (2) medium duty crew cab trucks was originally budgeted and approved in the 2016-2019 Multi-Year Budget at an estimated total cost of \$208,000 via capital projects ME201701 and ME201901. The two (2) additional units were approved through the 2020-2023 Multi-Year Budget at an estimated \$282,000 funded via ES5020 and ES5021.

The recommended bid from Carrier Centers is \$578,955 (excluding HST) for all four units. The following table lists the budgeted amount, the actual cost, and the variance for each of the four units.

	Budget	Actual Cost	Variance
Unit 1	\$96,000	\$117,125	-\$21,125
Unit 2	\$112,000	\$141,680	-\$29,680
Unit 3	\$135,000	\$147,130	-\$12,130
Unit 4	\$147,000	\$173,020	-\$26,020
Totals:	\$490,000	\$578,955	-\$88,955

3.2 Project Funding

The variance of \$88,955 is attributed to continued market changes in the heavy truck and body building industry. Challenges include increased supply chain costs due to the pandemic, costs of raw materials, currency exchange rates, environmental control systems, trade and tariff pressures and general inflationary increases across the board in the manufacturing sector.

Additional funding of \$50,805 for the first two units is available in capital project ME201801. Additional funding of \$38,150 for the third and fourth units is available in their respective capital project (ES5020 and ES5021).

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 RFP20-72 for the Supply and Delivery of Medium Duty Crew Cab Trucks be awarded to Carrier Centers, 90 Enterprise Drive, London, Ontario, N6N 1A8. The recommendation also includes awarding a vendor of record contract to Carrier Centres for one (1) year with three (3) option years.

The Carrier Centers submission scored the highest in the RFP evaluation based on the evaluation criteria, and staff from Fleet Maintenance and Fleet Planning have confidence in the selection and believe the recommended vendor and product provide the best overall value for the City of London.

Prepared by: Mike Bushby, BA
Division Manager, Fleet & Operational Services

Submitted by: Jay Stanford, MA, MPA
Director, Environment, Fleet & Solid Waste

Recommended by: Kelly Scherr, P. Eng., MBA, FEC
Managing Director, Environmental and Engineering
Services and City Engineer

Appendix A – Source of Financing

Appendix "A"

#21004
 January 19, 2021
 (Award Contract)

Chair and Members
 Civic Works Committee

RE: RFP20-72 Supply and Delivery of Medium Duty Crew Cab Trucks
 Capital Project ME201701 - Vehicles and Equipment Replacement - TCA (Work Order 2487307)
 Capital Project ME201801 - Vehicles and Equipment Replacement - TCA (Work Order 2487306, 2487307)
 Capital Project ME201901 - Vehicles and Equipment Replacement - TCA (Work Order 2487306)
 Capital Project ES5020 - Sewer Operations Equipment - Stormwater (Work Order 2497972)
 Capital Project ES5021 - Sewer Operations Vehicles and Equipment - WWT (Work Order 2498031)
 Carrier Centers - \$578,955.00 (excluding HST)

Finance and Corporate Services Report on the Sources of Financing:

Finance and Corporate Services confirms that the cost of this purchase can be accommodated within the financing available for it in the Capital Budget, and that, subject to the approval of Managing Director, Environmental and Engineering Services, and City engineer, the detailed source of financing is:

Estimated Expenditures	Approved Budget	Committed To Date	This Submission	Balance for Future Work
ME201701 - Vehicles and Equipment Replacement - TCA				
Vehicles and Equipment	5,034,705	4,672,185	97,690	264,830
ME201801 - Vehicles and Equipment Replacement - TCA				
Vehicles and Equipment	6,469,253	5,456,635	51,700	960,918
ME201901 - Vehicles and Equipment Replacement - TCA				
Vehicles and Equipment	5,753,272	5,424,272	113,971	215,029
ES5020 - Sewer Operations Equipment - Stormwater				
Vehicles and Equipment	323,311	0	149,720	173,591
ES5021 - Sewer Operations Vehicles and Equipment - WWT				
Vehicles and Equipment	189,844	0	176,066	13,778
Total Expenditures	\$17,770,385	\$15,553,092	\$589,147	\$1,628,146

Sources of Financing

ME201701 - Vehicles and Equipment Replacement - TCA				
Capital Levy	45,558	45,558	0	0
Drawdown from Vehicles and Equipment Reserve Fund	4,944,717	4,582,197	97,690	264,830
Drawdown from Self Insurance Reserve Fund	44,430	44,430	0	0
ME201701 Total	\$5,034,705	\$4,672,185	\$97,690	\$264,830
ME201801 - Vehicles and Equipment Replacement - TCA				
Capital Levy	260,862	260,862	0	0
Drawdown from Vehicles and Equipment Reserve Fund	6,165,891	5,153,273	51,700	960,918
Drawdown from Self Insurance Reserve Fund	42,500	42,500	0	0
ME201801 Total	\$6,469,253	\$5,456,635	\$51,700	\$960,918

Appendix "A"

#21004
 January 19, 2021
 (Award Contract)

Chair and Members
 Civic Works Committee

RE: RFP20-72 Supply and Delivery of Medium Duty Crew Cab Trucks
 Capital Project ME201701 - Vehicles and Equipment Replacement - TCA (Work Order 2487307)
 Capital Project ME201801 - Vehicles and Equipment Replacement - TCA (Work Order 2487306, 2487307)
 Capital Project ME201901 - Vehicles and Equipment Replacement - TCA (Work Order 2487306)
 Capital Project ES5020 - Sewer Operations Equipment - Stormwater (Work Order 2497972)
 Capital Project ES5021 - Sewer Operations Vehicles and Equipment - WWT (Work Order 2498031)
 Carrier Centers - \$578,955.00 (excluding HST)

Sources of Financing	Approved Budget	Committed To This Date	This Submission	Balance for Future Work
ME201901 - Vehicles and Equipment Replacement - TCA				
Capital Levy	125,000	125,000	0	0
Drawdown from Vehicles and Equipment Reserve Fund	5,588,225	5,259,225	113,971	215,029
Other Contributions	40,047	40,047	0	0
ME201901 Total	\$5,753,272	\$5,424,272	\$113,971	\$215,029
ES5020 - Sewer Operations Equipment - Stormwater				
Drawdown from Sewage Works Renewal Reserve Fund	323,311	0	149,720	173,591
ES5021 - Sewer Operations Vehicles and Equipment - WWT				
Drawdown from Sewage Works Renewal Reserve Fund	189,844	0	176,066	13,778
Total Financing	\$17,770,385	\$15,553,092	\$589,147	\$1,628,146
Financial Note:	ME201701	ME201801	ME201901	ES5020
Contract Price	\$96,000	\$50,805	\$112,000	\$147,130
Add: HST @13%	12,480	6,605	14,560	19,127
Total Contract Price Including Taxes	108,480	57,410	126,560	166,257
Less: HST Rebate	-10,790	-5,710	-12,589	-16,537
Net Contract Price	\$97,690	\$51,700	\$113,971	\$149,720
Financial Note Continued:	ES5021	Total		
Contract Price	\$173,020	\$578,955		
Add: HST @13%	22,493	75,265		
Total Contract Price Including Taxes	195,513	654,220		
Less: HST Rebate	-19,447	-65,073		
Net Contract Price	\$176,066	\$589,147		

Note 1: Purchases made in the future, funded by ME202201 and ME202301, will be included in a future source of financing.

 Jason Davies
 Manager of Financial Planning & Policy