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| TO: | CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON APRIL 8, 2013 |
| FROM: | JOHN BRAAM MANAGING DIRECTOR - ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER |
| SUBJECT: | SINGLE SOURCE SUPPLY & DELIVERY OF TRACTOR BACKHOE |

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| RECOMMENDATION |
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That on the recommendation of the Managing Director – Environmental & Engineering Services & City Engineer, and the concurrence of the Director-Environment, Fleet & Solid Waste, that the following actions be taken:

1. The negotiated amount with Strongco Limited Partnership, 6171 Col. Talbot Road, London, ON N6P 1J2, for the supply and delivery of one (1) Case Model 590SN Tractor Backhoe at their proposed price of \$130,000.00, HST extra, **BE ACCEPTED** on a single source basis as per section 14.4 (d). of the Procurement of Goods and Services Policy;
2. That the funding for this purchase **BE APPROVED** as set out in the Source of Finance Report attached hereto as Appendix "A";
3. Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this purchase; and
4. 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.

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| PREVIOUS REPORTS PERTINENT TO THIS MATTER |
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- None.

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| BACKGROUND |
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Purchasing Process

During the 2011 Capital budget process, Council approved the purchase of a life cycle replacement Tractor Backhoe as a replacement for the current 2004 CAT 430D-IT Tractor Backhoe.

At that time, the purchasing process employed by Purchasing and Supply included the invitation of six (6) dealers known to supply Tractor Backhoes to submit bids, as well as an advertisement of the Tender through standard mediums, including posting the document on the City's website. Through that process, the City received responses from three (3) bidders. On receiving the bids, an evaluation team with representation from Fleet Services, Sewer Operations and Purchasing and Supply undertook a comparative analysis of all responses to establish each bidder's compliance with our terms, conditions, requirements and specifications in all areas. Based on this analysis two (2) out of the three (3) bids received could not comply with our tender in key areas notably, equipment lifting specifications, operational requirements and safety, thus this tender was cancelled to source additional production data and to confirm the Department's needs with respect to safety, functionality and performance.

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Rationale for Single Source Supply

The City of London- Sewer Division requires the lifecycle replacement of its current integrated tractor backhoe, a 2004 Caterpillar model 430D. Of the manufacturers Case, Caterpillar and John Deere are the three (3) manufacturers that can supply a machine in the respective class (4.72m (15.5 ft.) backhoe dig depth) needed to perform the work in Sewers. However only the Case model 590SN unit can meet the required specified lift capacity within the smaller more affordable classes. This unit incorporates, as standard equipment, a hydraulic system feature (Power Lift System), that will increase the standard lift capabilities of the backhoe to a stated capacity rating which exceeds the required lift capacity stated in the City of London specification. The other manufacturers do not have a similar system.

The lift capacity specified in the City of London specification is an important requirement because one of the routine duties of the backhoe requires that it must be able to safely lift, maneuver and put in place, a precast concrete, curb inlet catch basin pot. This component is approximately 1.68m x 60cm x 84cm (66" x 24" x 33") in size and it weighs 1,800kg (3960lbs). The John Deere model 410K and Caterpillar model 430F backhoes that are in this size class, cannot meet the required backhoe lift capacity of the Case unit and the requirement stated in the COL specification. In order for the required lift capacity to be met, both manufacturers would have to supply a backhoe in the next size class up which from a capital cost perspective is not competitive with the Case 590SN unit and beyond the approved capital budget for this replacement.

The right sizing of vehicles and equipment used in the COL fleet is a key factor used in the development of specifications so that capital and operating cost efficiencies can be realized. Furthermore, the single sourcing of the Case unit would also support our brand standardization efforts as we currently have two (2) Case units in the fleet. Brand standardization assists with reducing replacement parts inventory and increasing efficiencies based on operator and technician familiarization and technical training.

Financial Impact

Funding for this expenditure is provided in the 2011 Capital Budget (ME2011) as detailed in Appendix A (attached) Source of Financing.

On delivery of the new Tractor Backhoe, the City will trade-in the existing Tractor Backhoe for a credit of \$30,000 towards the purchase of this new unit.

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Acknowledgements

This report was written by Chris Ginty, CPPB, Procurement Officer David Fawcett, Co-ordinator, Fleet Services.

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| RECOMMENDED BY: | REVIEWED & CONCURRED BY: |
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| JOHN BRAAM MANAGING DIRECTOR - ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER | JAY STANFORD DIRECTOR – ENVIRONMENTAL , FLEET & SOLID WASTE |
| REVIEWED & CONCURRED BY: | |
| | |
| MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER | |

Cc: John Freeman – Manager of Purchasing and Supply;
Chris Ginty.