

Report to Civic Works Committee

To: Chair and Members
Civic Works Committee

From: Kelly Scherr, P.Eng., MBA, FEC
Deputy City Manager, Environment & Infrastructure

Subject: RFP21-30 Supply and Delivery of Hydraulic Drum Brush
Chippers

Date: May 11, 2021

Recommendation

That, on the recommendation of the Deputy City Manager, Environment & Infrastructure:

- a) The submission from Vermeer Canada Inc. 10 Indell Lane, Brampton, Ontario L6T 3Y3, for the supply and delivery of one (1) 18" Hydraulic Brush Chipper and three (3) 15" Hydraulic Brush Chippers at a total purchase price of \$382,045.80, excluding HST, **BE ACCEPTED**; in accordance with Section 12.2 b) of the Procurement of 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;
- 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 Section 12.2 b) of the Procurement of Goods and Services Policy; and
- d) That the funding for this purchase **BE APPROVED** as set out in the Source of Financing Report attached, hereto, as Appendix A.

Executive Summary

Fleet and Operational Services is responsible for reviewing and replacing vehicles and equipment that have reached the end of their optimum lifecycle. Brush chipper units are an integral piece of equipment utilized by Forestry in providing tree maintenance services and specifically for cleanup of trees, brush and limbs from roadways, parks and greenspaces. These brush chipper machines are also critical for Forestry crews responding to tree damage and branch removal service requests after inclement weather.

A Request for Proposals (RFP) was initiated in consultation with staff in the Forestry Division with a primary objective of replacing four existing brush chippers that have reached the end of their optimal life.

Based on the analysis and evaluation of the submissions received, Fleet Services in conjunction with the Forestry Division and Purchasing and Supply recommend that RFP21-30 be awarded to Vermeer Canada Inc. for the supply and delivery of one (1) 18" Hydraulic Brush Chipper and three (3) 15" Hydraulic Brush Chippers.

The recommendation provides the best overall value to the City of London having met the operational requirements of the Forestry Division, scoring the highest on the evaluation and supporting a safe and healthy workplace.

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

Fleet and Operational Services is responsible for reviewing and replacing vehicles and equipment that have reached the end of their optimum lifecycle. An RFP was initiated in consultation with staff in the Forestry Division with a primary objective of replacing four (4) existing brush chippers that have reached the end of their optimal life as determined by Fleet Planning in conjunction with Fleet Maintenance and Forestry.

The brush chipper units are an integral piece of equipment utilized by Forestry in providing tree maintenance services and specifically for cleanup of trees, brush and limbs from roadways, parks and greenspaces. These brush chipper machines are also critical for Forestry crews responding to tree damage and branch removal service requests after inclement weather.

The existing brush chippers were manufactured in 2013 and 2014 and have a 7-year targeted lifecycle. These units have now reached their optimum lifecycle and are due to be replaced this year. The optimum life cycle is determined considering both the performance, reliability, and maintenance/repair cost aspects of aging equipment as well as the best time to remarket these assets for maximum resale values.

As part of the replacement process Corporate Health and Safety Specialists and the Forestry Managers were involved in the review of the final specifications for the RFP document. Worker safety and ergonomic design were key considerations in the development of the specification and evaluation process.

Specifically, two items, mechanical/hydraulic winches and hydraulic tongue jacks were upgraded to promote enhanced safety and health for Forestry Workers. The hydraulic winch devices assist in lifting and moving larger branches and limbs and can pull in larger heavy pieces into the chipper to reduce physical stress and risk of injury. The hydraulic powered tongue jacks also assist the operator by reducing repetitive motion and heavy lifting injuries during machine set up at the work site. These additions impacted the original estimated replacements costs.

The type of engine used to power these units was also reviewed, looking for efficiencies and opportunities to reduce environmental impact. Replacement of the diesel engines currently used with gasoline powered engine units will provide added benefits. These gasoline powered engines have an idle down control system that will automatically reduce the RPM of the engine to an idle position when high power demands are not required. This will reduce both greenhouse gas (GHG) emissions, fuel consumption and reduce costs compared to diesel engines.

2.0 Discussion and Considerations

2.1 Purchasing Process

To allow interested bidders to showcase their products for these specialized pieces of equipment an RFP process was chosen as the procurement method.

Through Purchasing and Supply, Fleet and Operational Services initiated the proposal process on February 23, 2021, for Supply and Delivery of one (1) 18" and three (3) 15" Brush Chipper units for the Forestry Operations Division. The RFP closed on March 16, 2021 and two (2) bids were received and evaluated.

2.2 Evaluation and Results

The evaluation team was chaired by a Procurement Officer and consisted of staff representing Forestry Operations and Fleet and Operational Services. The following evaluation criteria was used to evaluate the submissions:

- Mandatory Requirements
- Company Certification, Experience and Past Performance
- Specifications for both size units
- Efficiency, Safety and Regulatory Compliance
- Service Support, Delivery, Training, and Warranty
- Price

After evaluation Vermeer Canada Inc. achieved the highest score.

2.3 Disposal of Decommissioned Units

Bidders were asked to provide optional trade-in values on the existing, City owned brush chippers. The trade-in values submitted by Vermeer Canada Inc. met and exceeded the City's target salvage value threshold therefore Fleet has recommended accepting trade values from the successful vendor on three (3) units. Based on consultation with the service area the fourth unit will be retained in the fleet for one year to assist with service level demands and growth.

3.0 Financial Impact

3.1 Project Budget

The Fleet and Operational Services approved capital replacement budget for this project was set at \$350,000. The recommended bid from Vermeer Canada Inc. is \$382,045.80 (excluding HST).

The difference between the estimated replacement cost and recommended bid is attributed to the following;

- additional health and safety items being added to the specifications after the project cost estimate; and
- continued market changes and challenges in the vehicle and equipment industry that include increased supply chain costs due to the current pandemic, costs of raw materials, and inflationary increases across the manufacturing sector.

3.2 Project Funding

Funding details for this procurement are outlined in the Source of Financing attached as Appendix A. The additional funding required for the additional safety items and will be funded from Parks and Forestry capital account UF2047.

Ongoing operating costs for fuel, maintenance, inspection, service, overhead and future capital replacement is funded through the Fleet internal rental rate process and charged back to the respective service areas. There are only minor expected operational, maintenance and future capital funding impacts associated with this purchase going forward.

Conclusion

Based on the analysis and evaluation of the submissions received, Fleet Services in conjunction with the Forestry Division and Purchasing and Supply recommend that RFP21-30 be awarded to Vermeer Canada Inc. 10 Indell Lane, Brampton, Ontario L6T

3Y3 for the supply and delivery of one (1) 18” Hydraulic Brush Chipper and three (3) 15” Hydraulic Brush Chippers.

The recommendation provides the best overall value to the City of London having met the operational requirements of the Forestry Division, scoring the highest on the evaluation and supporting a safe and healthy workplace.

Prepared by: **Mike Bushby, B.A.**
Division Manager Fleet and Operational Services

Submitted by: **Jay Stanford, MA, MPA**
Director, Climate Change, Environment & Waste
Management

Recommended by: **Kelly Scherr, P. Eng., MBA, FEC,**
Deputy City Manager, Environment & Infrastructure

Attached: Appendix A – Source of Finance

Appendix "A"

#21066
 May 11, 2021
 (Award Contract)

Chair and Members
 Civic Works Committee

RE: RFP21-30 Supply and Delivery of Hydraulic Drum Brush Chippers
 (Work Orders 2498034-2498037)
 Capital Project ME202101 - Vehicles and Equipment Replacement - TCA
 Capital Project ME201701 - Vehicles and Equipment Replacement - TCA
 Capital Project UF2047 - Urban Forest Strategy
 Vermeer Canada Inc. - \$382,045.80 (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 Deputy City Manager, Environmental and Infrastructure, the detailed source of financing is:

Estimated Expenditures	Approved Budget	Committed To Date	This Submission	Balance for Future Work
ME202101 - Vehicles and Equipment Replacement - TCA				
Vehicles and Equipment	4,462,241	2,218,916	269,578	1,973,747
ME201701 - Vehicles and Equipment Replacement - TCA				
Vehicles and Equipment	5,034,705	4,791,372	86,221	157,112
UF2047 - Urban Forest Strategy				
Consulting	207,380	207,380	0	0
Construction	1,659,460	1,201,971	0	457,489
Vehicles and Equipment	32,970	0	32,970	0
UF2047 Total	\$1,899,810	\$1,409,351	\$32,970	\$457,489
Total Expenditures	\$11,396,756	\$8,419,639	\$388,769	\$2,588,348

Sources of Financing

ME202101 - Vehicles and Equipment Replacement - TCA				
Capital Levy	117,460	117,460	0	0
Drawdown from Vehicles and Equipment Reserve Fund	4,344,781	2,101,456	269,578	1,973,747
ME202101 Total	\$4,462,241	\$2,218,916	\$269,578	\$1,973,747
ME201701 - Vehicles and Equipment Replacement - TCA				
Capital Levy	45,558	45,558	0	0
Drawdown from Vehicles and Equipment Reserve Fund	4,944,717	4,701,384	86,221	157,112
Drawdown from Self Insurance Reserve Fund	44,430	44,430	0	0
ME201701 Total	\$5,034,705	\$4,791,372	\$86,221	\$157,112
UF2047 - Urban Forest Strategy				
Capital Levy	1,899,810	1,409,351	32,970	457,489
Total Financing	\$11,396,756	\$8,419,639	\$388,769	\$2,588,348

Appendix "A"

#21066

May 11, 2021

(Award Contract)

Chair and Members

Civic Works Committee

RE: RFP21-30 Supply and Delivery of Hydraulic Drum Brush Chippers

(Work Orders 2498034-2498037)

Capital Project ME202101 - Vehicles and Equipment Replacement - TCA

Capital Project ME201701 - Vehicles and Equipment Replacement - TCA

Capital Project UF2047 - Urban Forest Strategy

Vermeer Canada Inc. - \$382,045.80 (excluding HST)

Financial Note:	ME202101	ME201701	UF2047	Total
Contract Price	\$264,915	\$84,731	\$32,400	\$382,046
Add: HST @13%	34,439	11,015	4,212	49,666
Total Contract Price Including Taxes	299,354	95,746	36,612	431,712
Less: HST Rebate	-29,776	-9,524	-3,642	-42,942
Net Contract Price	\$269,578	\$86,221	\$32,970	\$388,770

Jason Davies
Manager of Financial Planning & Policy

lp