

## Report to Civic Works Committee

**To:** Chair and Members  
Civic Works Committee

**From:** Anna Lisa Barbon, CPA, CGA  
Deputy City Manager, Finance Supports

**Subject:** Single Source Additional Forestry Stump Cutter

**Date:** August 31, 2021

## Recommendation

- a) That, on the recommendation of the Deputy City Manager, Finance Supports, the following actions **BE TAKEN** with respect to the purchase of a Tow-Behind Forestry Stump Cutter;
- b) Single Source negotiated price **BE ACCEPTED** to purchase one (1) 2021 Vermeer SC802 Stump Cutter for a total estimated price of \$88,000.00 + HST from Vermeer Canada Inc. 4191 Perkins Rd. London, ON. N6L1C2
- c) Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this purchase;
- 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 Sections 14.4(d) and 14.5(a)(ii) of the Procurement of Goods and Services Policy; 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

The Parks and Forestry Division has identified a need for an additional stump cutter/grinder to be added into their fleet equipment line up to enhance their stump removal capabilities and services. The additional unit will help reduce the backlog of work caused by the pandemic and meet the growing demand caused by additional tree removals over the last several years due to disease and age.

Forestry currently has two crews assigned to stump removal and operate both an internal City owned unit as well as a supplemental rental stumper unit to meet the demand.

This report recommends that the rental unit be purchased through a single source procurement and added into the internal forestry equipment complement utilizing the rent to own option terms being offered, where 100% of the rental costs the City has paid on the rental can be applied towards the purchase price. Capital funding would pay the remaining balance to purchase the unit outright.

The rented unit is the same brand and model of our existing internal unit therefore provides operational efficiencies by reducing the time required to provide additional training for operators and technicians on the operation and maintenance of the unit.

The availability of this unit for purchase from the vendor presents an excellent opportunity for the City to secure the additional required assets to support operational demand, minimize operational disruption, secure required equipment in a timely and efficient way and maximize the value of rental costs spent to this point.

## 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

The Forestry Operations group, working out of the Adelaide Operations Centre is responsible for a full range of forestry services in the Forest City. The program functions year-round and is responsible for primary activities such as responding to tree service request ([trees@london.ca](mailto:trees@london.ca)), tree trimming, maintenance and removal, elevating low limbs and conducting tree inspections due to poor health, infestation, or storm and wind damage.

Vehicles and equipment for the Forestry Division are an integral piece of delivering their services. The main equipment assets include high lift aerial bucket trucks, pick-up trucks, service trucks with canopy bodies, chippers, chain saws and stump grinder/cutters.

The stump grinder/cutter is a very specialized piece of equipment that is towed behind a pickup and positioned over the tree stump identified for removal. Once the stump grinder is set up the operator utilizes the handheld remote-control device to activate the large grinding/cutting wheel with teeth that is lowered gradually and articulated from side to side grinding the entire stump into wood chips. The crew then repurposes the wood chips and restoration crews finish the job with soil and turf as required.

In the spring of this year, Forestry identified a backlog of stump removal work that extended beyond the capacity of the one stump cutting crew. A second stumper was acquired through a rental agreement with Vermeer in consultation with Fleet and has been in service over the last several months however that rental agreement is set to expire at the end of September 2021.

In consultation with Vermeer Canada Inc. they have proposed that if interested, the stump cutter is available for purchase and they would support reallocating rental costs the City has paid to this point and apply 100% of the rental costs towards the purchase price under their rent to own program. The stump cutter purchase would include a three (3) year premium Warranty coverage period.

The existing City owned internal stump cutter is up for capital replacement in 2022. Therefore, should the ongoing need for two stump removal crews subside next year Forestry will have an opportunity to reevaluate the service and equipment requirements at the time and make any adjustment necessary.

Purchasing the same model of stump cutter as our internal unit greatly reduces the time required to provide additional training for operators and technicians on the operation and maintenance of the unit as both groups are familiar and have experience with this equipment. Standardizing units where possible builds operational efficiencies by reducing time and cost associated with key operational aspects like training, competency and parts inventories.

The Parks and Forestry Division with support from Fleet and Operational Services, has identified that the recommended solution provides a responsible and cost effective

solution to address the need for additional internal stump removal assets to meet the service demand.

## **2.0 Discussion and Considerations**

### **2.1 Purchasing Process**

A quote was received from Vermeer Canada Inc. for the purchase of the Vermeer Model SC802 Stump Cutter rental unit. The estimated purchase price of the unit is \$88,000.00 plus HST. The rent to own option will be utilized and 100% of the five (5) month rental costs \$37,400 (\$7,480 x 5 months) will be put towards the purchase price of the unit.

## **3.0 Financial Impact**

### **3.1 Project Budget**

Parks and Forestry will provide the capital budget and funding source for this purchase. The ongoing operating costs for fuel, maintenance, inspection, service, overhead and future capital replacement will be funded through the Fleet internal rental rate process and charged back to the respective service area. There will be operational, maintenance and future capital budget impacts associated with this purchase.

### **3.2 Project Funding**

Funding for this purchase will be provided through the appropriate capital and operating accounts to be provided by Parks and Forestry. The estimated total cost after rent to own option is applied towards the purchase is \$50,600.00 plus HST. Final price will be negotiated with Vermeer Canada Inc. Funding details for this procurement are outlined in the Source of Financing attached as Appendix A.

## **Conclusion**

The recommendation will provide good value, efficiencies and enhanced services to the citizens and businesses of London with a cost effective and timely method of addressing the operational requirements of the service area.

Fleet and Operational Services in conjunction with Parks and Forestry and Purchasing and Supply recommend approval for the single source purchase of one (1) Vermeer SC802 Stump Cutter for a total estimated price of \$50,600.00 + HST from Vermeer Canada Inc.

The recommendation provides the best overall value to the City of London having met the operational requirements and supporting a safe and healthy workplace.

**Prepared by:** Mike Bushby, B.A.  
Division Manager, Fleet and Facilities  
Finance Supports

**Concurred by:** Scott Stafford, B.A.  
Director, Parks and Forestry  
Environment and Infrastructure

**Concurred by:** Tim Wellhauser C.I.M  
Director, Fleet and Facilities  
Finance Supports

**Recommended by:** Anna Lisa Barbon, CPA, CGA  
Deputy City Manager  
Finance Supports

Attached: Appendix A – Source of Finance

## Appendix "A"

#21139

August 31, 2021  
(Award Contract)

Chair and Members  
Civic Works Committee

RE: Purchase of a Tow-Behind Forestry Stump Cutter  
(Work Order 2520058)  
Capital Project UF2047 - Urban Forest Strategy  
Vermeer Canada Inc. - \$88,000.00 (excluding HST)

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### Finance Supports Report on the Sources of Financing:

Finance Supports confirms that the cost of this project can be accommodated within the financing available for it in the Capital Budget and that, subject to the approval of the Deputy City Manager, Finance Supports, the detailed source of financing for this project is:

<b>Estimated Expenditures</b>	<b>Approved Budget</b>	<b>Committed To Date</b>	<b>This Submission</b>	<b>Balance for Future Work</b>
Engineering	207,380	207,380	0	0
Construction	1,733,985	1,285,202	0	448,783
Vehicles and Equipment	84,461	32,970	51,491	0
<b>Total Expenditures</b>	<b>\$2,025,826</b>	<b>\$1,525,552</b>	<b>\$51,491</b>	<b>\$448,783</b>
<b>Sources of Financing</b>				
Capital Levy	2,025,826	1,525,552	51,491	448,783
<b>Total Financing</b>	<b>\$2,025,826</b>	<b>\$1,525,552</b>	<b>\$51,491</b>	<b>\$448,783</b>

### Financial Note:

Contract Price	\$88,000
Less: Rental amount expended in operating budget	\$37,400
Contract Price	\$50,600
Add: HST @13%	\$6,578
Total Contract Price Including Taxes	\$57,178
Less: HST Rebate	-\$5,687
Net Contract Price	\$51,491

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Jason Davies  
Manager of Financial Planning & Policy

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