

Report to Community and Protective Services Committee

To: Chair and Members,
Community and Protective Services Committee

From: Cheryl Smith, Deputy City Manager, Neighbourhood and
Community-Wide Services

Subject: London Fire Department Single Source Apparatus
Procurement

Date: August 31, 2021

Recommendation

That, on the recommendation of the Deputy City Manager, Neighbourhood and Community-Wide Services, the following actions be taken with respect to the single source procurement of a fire apparatus:

- a) in accordance with Sections 14.4(d) and (k) of the Procurement of Goods and Services Policy, Fire Administration **BE AUTHORIZED** to enter into negotiations with 1200⁰ Darch Fire of 9-402 Harmony Road, Ayr, Ontario, N0B 1E0 for pricing for a single source contract for one (1) year for the provision of one fire Engine for the London Fire Department;
- b) the approval a) above, **BE CONDITIONAL** upon The Corporation of the City of London negotiating satisfactory prices, terms, conditions, and entering into a contract with 1200⁰ Darch Fire to provide one fire Engine to the London Fire Department;
- c) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with the authorization set out in parts a) and b) above; and,
- d) that the funding for this procurement **BE APPROVED** as set out in the Source of Financing Report attached, hereto, as Appendix A.

Executive Summary

This report requests authorization from Council for the immediate single source purchase of one fire Engine to manage interruptions to the level of service provided by the London Fire Department and to help mitigate the current vehicle shortage crisis.

Linkage to the Corporate Strategic Plan

Strengthening our Community

This London Fire Department Single Source Apparatus Procurement is aligned with the following strategic area of focus and outcome from the City of London Strategic Plan 2019-2023:

- Strengthening our Community – Londoners have access to the services and supports that promote well-being, health, and safety in their neighbourhoods and across the city.

Analysis

1.0 Background Information

1.1 Context

The London Fire Department (“LFD”) relies on having spare vehicles available to replace front-line vehicles that require maintenance. Without an adequate number of spare vehicles, the level of service has already been impacted. The current approved spare fleet consists of four Engines (pumpers), one Aerial, and one Tanker. On August 17, 2021, an emergency procurement took place for the replacement of Engine 2. However, with no spare vehicles available, it is still an urgent situation.

Two of the LFD’s spare Engines are currently receiving emergency repairs, are out of service, and are not anticipated to be returned until near the end of August. Further to this, the LFD has experienced unexpected breakdowns as well as traffic accidents involving in-service vehicles that continue to strain resources. The LFD has also had to frequently shift several other vehicles between stations to ensure available service across the City.

With long term maintenance issues on vehicles and the need to decommission those beyond repair, the strain on resources is such that this expeditious purchase is necessary. With the remaining Spare Engines being assigned to various stations, any further breakdowns, accidents, or other unforeseen circumstances will mean a negative impact to service levels.

2.0 Discussion and Considerations

2.1 Severity of Issue Leading to Single Source Apparatus Procurement

In May 2021, two Spare Engines had to be sent for emergency repairs due to extensive frame corrosion and impending failure. This left the LFD with only two Spare Engines with which to work. These are currently assigned to Station 7 and Station 2 for the long term with no spare Engines available. The LFD continues to experience issues with several other vehicles, ranging from collisions, unexpected mechanical breakdowns, to not meeting maintenance standards during inspections. This has resulted in all or part of these vehicles having to be placed out of service.

There is currently a wait time of approximately 18 months to purchase and outfit new vehicles of this size and capacity. The LFD has an Apparatus and Equipment Committee that has been working diligently to prepare specifications for a Request for Proposal document that will allow the purchase of five new apparatus before the end of 2023. This process takes several months at best, followed by the approximately 18-month period for delivery of the first purchased vehicle. With the current apparatus shortage crisis, there is a very high risk during this waiting period that reductions in service will continue to occur and worsen in severity.

To address this crisis, it has become imperative that the LFD purchase an Engine to replace an aging vehicle utilizing the single source procurement clause as outlined in sections 14.4(d) and (k) of the Procurement of Goods and Services Policy (see below). To this end, the Deputy City Manager, Neighbourhood and Community-Wide Services, seeks authorization to have this Engine procured from a single source.

Sections 14.4(d) and (k) of the Procurement of Goods & Services Policy

14.4 Single Source

Single Source means that there is more than one source of supply in the open market, but only one source is recommended due to predetermined and approved specifications.

The procurement may be conducted using a Single Source process if the goods and/or services are available from more than one source, but there are valid and sufficient reasons for selecting one supplier in particular, as follows:

d. There is a need for compatibility with goods and/or services previously acquired or the required goods and/or services will be additional to similar goods and/or services being supplied under an existing contract (i.e., contract extension or renewal);

k. Where due to abnormal market conditions, the goods, services or construction required are in short supply.

There are some demonstration Engines available through various suppliers, which have been assessed by the Fire Mechanical Division as well as some LFD personnel who are knowledgeable about fire vehicles. This group reviewed all specifications of the available demonstration Engines and selected one that will require the least amount of retrofitting to meet the LFD and the City of London's needs. Compatibility with the current fleet of fire apparatus is essential and will ensure that the LFD Mechanical Division can maintain these vehicles efficiently. It is a unique opportunity for the City of London that these demonstration vehicles can be available for such timely delivery, especially given the current market shortages of commodities.

2.2 Details of Purchase

The supplier of the available fire Engine selected by the subject matter expert group at the LFD is 1200⁰ Darch Fire. This Engine is available for immediate purchase with an expected delivery date in September 2021. The price of this Engine is \$695,000 (excluding HST) and the estimated cost for equipping the Engine is \$150,000 (including HST). This delivery, outfitting, and putting into service is expected to be completed by the end of September to the beginning of October.

It should be noted that the most recent Engine purchase in 2019 was \$775,000 not including any equipment. The emergency procurement just completed for \$750,940 (excluding HST) is a vehicle with differing specifications, some of which will be incorporated into this single source purchase. Being that these vehicles are prebuilt, the prices are fixed.

3.0 Next Steps

The LFD will continue to have all vehicles regularly inspected and serviced by its Mechanical Division. There are more front-line vehicles in the fleet expected to need significant maintenance before their current lifecycle is complete. Plans are being made to mitigate these expenses. These plans include scheduling lifecycle replacements to minimize expenses, organizing processes to ensure vehicles that require repair are serviced in a timely manner, and maintaining vehicles for a period of time after expense to ensure a return on investment.

In addition, the LFD is in the process of drafting the Fire Master Plan, which will go to the Community and Protective Services Committee later in 2021. This 10-year Plan provides an overall vision, direction, and guidance for Council to make decisions about service improvements and enhancements through fire hall locations, fleet configuration, and any other elements that affect the delivery of fire services to match the growing needs of the community. As part of the development of this Plan, Civic Administration is reviewing the current lifecycle of all fire department vehicles.

The current lifecycle standard for all large vehicles is 20 years (17 years front-line plus 3 additional years as a spare). The plan is to gradually reduce this lifecycle to avoid another shortage in the future. The Request for Proposal process that is well underway involves the purchase of five new apparatus before the end of 2023, and then regular purchases in line with the next multi-year budget plan.

4.0 Financial Impact/Considerations

Funding for this purchase is available in the Fire capital plan per the Source of Financing Report attached as Appendix A.

Conclusion

Immediate single source procurement of one fire Engine as per Sections 14.4(d) and (k) of the Procurement of Goods and Services Policy is required to minimize the impact to fire service levels and to maintain essential City services.

Prepared by: Katerina Barton, Manager, Finance and Planning, Fire Services
Submitted by: Lori Hamer, Fire Chief
Recommended by: Cheryl Smith, Deputy City Manager, Neighbourhood and Community-Wide Services

c: John Freeman, Manager, Purchasing and Supply, Finance Supports
Doug Drummond, Financial Business Administrator, Finance Supports
Jason Davies, Manager III, Financial Planning & Policy

Appendix "A"

#21154
 August 31, 2021
 (Award Contract)

Chair and Members
 Community and Protective Services Committee

RE: London Fire Department Single Source Apparatus Procurement
 (Subledger FLT21003)
 Capital Project FS115221 - Emergency Fire Vehicle
 1200^g Darch Fire - \$695,000 (excluding HST)

Finance Supports Report on the Sources of Financing:

Finance Supports confirms that the cost of this project cannot be accommodated within the financing available for it in the Capital Budget, but can be accommodated by advancing approved 2023 financing within the Fire Capital Plan, and that, subject to the approval of the Deputy City Manager, Neighbourhood and Community-Wide Services, the detailed source of financing for this project is:

Estimated Expenditures	Approved Budget	Advanced Financing (Note 1)	Revised Budget	Committed To Date	This Submission	Balance for Future Work
Vehicles and Equipment	1,419,156	773,000	2,192,156	914,156	857,232	420,768
Total Expenditures	\$1,419,156	\$773,000	\$2,192,156	\$914,156	\$857,232	\$420,768

Sources of Financing

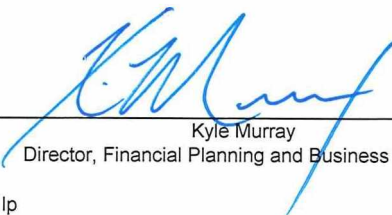
Drawdown from Fire Facilities, Vehicle, and Equipment Renewal Reserve Fund	735,000	0	735,000	230,000	84,232	420,768
Drawdown from Fire Facilities, Vehicle, and Equipment Renewal Reserve Fund - Advanced from 2023 approved Capital Budget	0	773,000	773,000	0	773,000	0
Corporate Contingency Budget	684,156	0	684,156	684,156	0	0
Total Financing	\$1,419,156	\$773,000	\$2,192,156	\$914,156	\$857,232	\$420,768

Financial Note:

Contract Price	\$695,000
Add: HST @13%	\$90,350
Total Contract Price Including Taxes	\$785,350
Less: HST Rebate	-\$78,118
Add: Internal cost to equip engine	\$150,000
Net Contract Price	<u>\$857,232</u>

Note 1: The additional funding requirement can be accommodated by advancing \$773 thousand of the \$938 thousand 2023 approved budget in FS115223.

Note 2: The remaining life-to-date funding in FS115221 - Emergency Fire Vehicles is earmarked for the scheduled replacement of other fire vehicles and not available for use on this procurement.



 Kyle Murray
 Director, Financial Planning and Business Support