

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 Emergency 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 emergency fire apparatus procurement:

- a) The following report, in accordance with Section 14.2 of the Procurement of Goods and Services Policy, on the London Fire Department Emergency Apparatus Procurement **BE RECEIVED** for information; and,
- b) 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 updates Council on the emergency purchase of one fire Engine and equipment to replace Engine 2, which has substantial maintenance requirements. This emergency purchase aids the London Fire Department in managing interruptions to the level of service.

Linkage to the Corporate Strategic Plan

Strengthening our Community

The London Fire Department Emergency 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 is impacted. The LFD works to mitigate this type of situation by having all apparatus regularly serviced by the LFD Mechanical Division and by placing large apparatus on a 20-year lifecycle schedule.

The LFD has four spare Engines. Two of these spare Engines are currently receiving emergency repairs and are out of service. Further to this, the LFD has experienced unexpected breakdowns as well as traffic accidents involving in-service vehicles, thereby straining our resources.

The LFD has also had to frequently shift several other vehicles around between stations to ensure consistency in available service across the City.

As a triggering event, it was recently discovered that Engine 2 had an impending issue related to its pump seal. While Engine 2 was being worked on, the mechanics discovered that there is substantial damage to the body harness of this truck. With the previously reported issues of extensive frame corrosion and impending failure, the combined cost of bringing this 2007 vehicle back to service level does not provide a positive return on investment. Engine 7 (Spare 22) was brought to Station 2 and Station 7 ran with Truck 7 as the Engine 7. Without Engine 2, there were no spare Engines available.

This Engine had to be replaced to ensure continuance of service levels. Any further incidents that could put another vehicle out of service will have a direct, negative impact on the services that are provided to residents.

2.0 Discussion and Considerations

2.1 Severity of Issue Leading to Emergency Apparatus Procurement

In May 2021, two spare Engines had to be sent for emergency repairs due to significant 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 in the fleet. 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.

Under normal circumstances, a Request for Proposal would be drafted and distributed with the final decision on the vendor resting with Council. For this process, the normal wait time for delivery is approximately 18 months from purchase to outfitting a new vehicle 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 waiting 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 occur and worsen in severity.

To address this crisis, it was imperative that the LFD purchase an Engine that could be put into service as quickly as possible. There were some local vendors who had demonstration Engines available for purchase. In review of the specifications of these demonstration Engines, the most appropriate and available unit was selected. This unit required only minimal retrofitting to meet the pressing needs of the LFD.

Based on Section 14.2 of the Procurement of Goods and Services Policy (see below), the Deputy City Manager, Neighbourhood and Community-Wide Services provided approval to have this Engine urgently procured.

Section 14.2 of the Procurement of Goods & Services Policy

Procurement in Emergencies

For the purposes of this section, “Emergency” means an event or occurrence that the City Manager or Managing Director (*sic*) deem as an immediate threat to:

- Public health;
- The maintenance of essential City services; or
- The welfare and protection of persons, property, or the environment; and the event or occurrence necessitates the immediate need for goods or services to mitigate the emergency and time does not permit for a competitive procurement process.

In the event of an Emergency the City Manager or Managing Director (*sic*) and their respective delegates, Fire Chief or a Deputy Fire Chief, or Chief Building Official or Deputy Chief Building Official, are authorized to enter into a purchase agreement without the requirement for a formal competitive process.

A list of pre-qualified suppliers will be used to select the suppliers, whenever possible.

Where the procurement cost to mitigate the Emergency is anticipated to exceed \$50,000, there must be a notification sent (e-mail contact is acceptable) to the Manager of Purchasing and Supply (or delegate). The steps taken to mitigate the Emergency must always be clearly documented regardless of amount and where the aggregate costs for a single supplier are in excess of \$50,000, the emergency procurement shall be reported by the responsible Managing Director (*sic*) to Committee and City Council (including the source of financing) at the next scheduled meeting following the event.

2.2 Details of Purchase

Following approval of this urgent purchase, the recommendation was to procure a demonstration Engine from Safetek Profire to expedite the delivery and place this vehicle in service to manage further impacts on the level of service.

On August 17, 2021, an Engine was purchased from Safetek Profire for \$750,940 (excluding HST). The estimated cost for equipping this Engine is \$150,000 (including HST).

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 to address this emergency purchase is available in the Fire capital plan as well as through a one-time transfer from the corporate contingency budget per the Source of Financing Report attached as Appendix A.

Conclusion

Emergency procurement of one fire Engine and equipment as per Section 14.2 of the Procurement of Goods and Services Policy was required to manage the impact to 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"

#21153
 August 31, 2021
 (Award Contract)

Chair and Members
 Community and Protective Services Committee

RE: London Fire Department Emergency Apparatus Procurement
 (Subledger FLT21002)
 Capital Project FS115221 - Emergency Fire Vehicle
 Safetek Profire - \$750,940.00 (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 with a transfer from within the Fire Capital Plan and a one-time transfer from the Corporate Contingency Budget, 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	Additional Requirement (Note 1)	Revised Budget	Committed To Date	This Submission	Balance for Future Work
Vehicles and Equipment	505,000	914,156	1,419,156	0	914,156	505,000
Total Expenditures	\$505,000	\$914,156	\$1,419,156	\$0	\$914,156	\$505,000

Sources of Financing

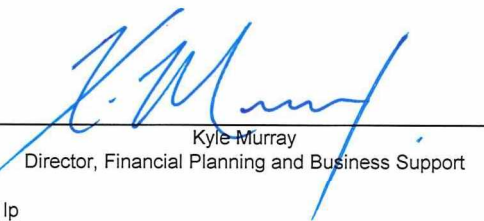
Drawdown from Fire Facilities, Vehicle, and Equipment Renewal Reserve Fund	505,000	0	505,000	0	0	505,000
Drawdown from Fire Facilities, Vehicle, and Equipment Renewal Reserve Fund - Transfer from FS104221 - Non Emergency Fire Vehicles	0	230,000	230,000	0	230,000	0
Transfer from Corporate Contingency Budget (one-time)	0	684,156	684,156	0	684,156	0
Total Financing	\$505,000	\$914,156	\$1,419,156	\$0	\$914,156	\$505,000

Financial Note:

Contract Price	\$750,940
Add: HST @13%	\$97,622
Total Contract Price Including Taxes	\$848,562
Less: HST Rebate	-\$84,406
Add: Internal cost to equip engine	\$150,000
Net Contract Price	<u>\$914,156</u>

Note 1: The additional funding requirement is available as a transfer from FS104221 - Non Emergency Fire Vehicles and a one-time transfer from the Corporate Contingency Budget.

Note 2: The 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