

Report to Civic Works Committee

To: Chair and Members
Civic Works Committee

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

Subject: RFP 21-38 Supply and Delivery of CNG Split and Single
Stream Side Loading Waste Collection Trucks

Date: November 2, 2021

Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports:

- a) The submission from Vision Truck Group 1220 Franklin Blvd. Cambridge Ontario N1R 8B7 for the Supply and Delivery of Compressed Natural Gas (CNG) Split and Single Stream Side Loading Waste Collection Trucks at a total purchase price of \$2,305,511 excluding HST, **BE ACCEPTED**;
- b) Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this purchase;
- c) Approval hereby given **BE CONDITIONAL** upon the Corporation entering into a formal contract, 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 in conjunction with staff from the Waste Management area initiated a Request for Proposal (RFP) for five (5) compressed natural gas (CNG) side loading waste collection trucks with Purchasing and Supply on July 26, 2021.

Based on the analysis and evaluation of the submissions received, Fleet Services and Waste Management recommend that RFP 21-38 be awarded to Vision Truck Group as the best overall value to the City of London having met the specifications, conditions, and operational requirements of the service area, and scoring the highest on the evaluation criteria matrix.

The recommended bid provides a 2023 Mack LR 64G (cab-over) CNG cab and chassis equipped with Labrie Expert side loading split and single stream refuse bodies that are purpose-built units for this application. The Mack LR provides maximum performance, comfort, visibility and ergonomic safety features and the Labrie Expert side loading refuse bodies provide both single and split stream systems with flexible cart tipping options.

The RFP document and specifications were a product of an extensive equipment and service review by a task team focused to deliver on the two Council approved business plans:

1. Supporting waste diversion targets through the introduction of a “Green Bin” organic waste collection program beginning late fall of 2022; and

2. Replacing all waste collection trucks with CNG powered units in support of reducing greenhouse gas emissions as part of the Corporate Energy Management Conservation Demand Management (CDM) Plan and the declaration of a climate emergency.

Previous Reports Pertinent to this Matter

Relevant reports that can be found at www.london.ca under City Hall (Meetings) include:

- RFP21-37 Supply and Delivery of Compressed Natural Gas (CNG) Split Stream Rear Loading Waste Collection Trucks. (Sept 21, 2021 meeting of the Civic Works Committee)

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
- Increase waste reduction, diversion, and resource recovery
- Conserve energy and increase actions to respond to climate change

Leading in Public Service

Londoners experience exceptional and valued customer service

- Increase responsiveness to our customers
- Increase efficiency and effectiveness of service delivery

Growing our Economy

- Increase partnerships that promote collaboration, innovation, and investment

Analysis

1.0 Background Information

Waste Management and Fleet Services have focused on improvements in their programs to meet government regulations, Council direction and key corporate strategic plans. These plans include the 60% Waste Diversion Action Plan, Corporate Energy Management Conservation Demand Management (CDM) Plan and the development of the Climate Emergency Action Plan. Previous reports have been presented describing these plans.

This report and recommendation is in line with climate change action and environmental sustainability objectives. CNG powered collection trucks reduce harmful GHG and carcinogenic emissions caused by diesel powered vehicles. The Green Bin organic waste collection program promotes waste separation and diversion saving landfill space and producing valuable renewable energy.

At the September 21, 2021 CWC meeting a report recommending the award of RFP21-37 Supply and Delivery of Split Stream Rear Loading Waste Collection Trucks was supported and later approved by full council on October 5th. That report discussed the plan to continue to utilize rear loading waste collection trucks as the primary equipment for delivering upgraded residential collection services including organic pick-up to Londoners.

This report is for CNG Split and Single Stream Side Loading Waste Collection Trucks that will be needed to support the rear loading equipment to facilitate specific collection requirements for the overall program. The side loading units will provide the final

equipment elements to fully transition the waste collection fleet to CNG powered units capable of providing both garbage and organic Green Bin collection.

The Waste Management program in consultation with Fleet Services will be retiring two (2) existing diesel-powered side loading units that will soon be up for lifecycle renewal and replacing them with two (2) CNG single stream side loader units.

The other three (3) CNG split stream side loaders are additional units required to support the new organic collection program requirements.

2.0 Discussion and Considerations

Based on the background above, an RFP was initiated by Fleet Planning after consultation with staff in Waste Management with an objective of acquiring five (5) CNG Side Loading Waste Collection Trucks.

Field reviews and consultations were undertaken with other municipalities and waste collection product providers to determine the correct application and equipment requirements.

As part of the equipment review and assessment process, Waste Management, Fleet Planning and Fleet Maintenance team members were all involved in the development of the vehicle specifications and evaluation criteria of the RFP to ensure that the vehicle being supplied meets the operational requirements of the service area.

Corporate Health and Safety and Driver Training specialists were consulted around safety, ergonomic features and design of the equipment as part of enhancing our culture of safety objectives. Purchasing and Supply leads the process.

2.1 Purchasing Process

The RFP process was chosen as the procurement method. An RFP format allowed interested bidders to showcase their products and provided the best method to ensure City specifications, expectations and value-added criteria were considered and evaluated.

Fleet and Operational Services initiated the RFP process on July 26, 2021, with Purchasing and Supply. The RFP closed on August 31, 2021, and two (2) compliant bids were received and evaluated.

2.2 Evaluation and Results

The evaluation team was chaired by a Purchasing and Supply Procurement Officer and consisted of staff representing Fleet and Facilities, Fleet Maintenance, Fleet Planning and Waste Collection Operations. The following evaluation criteria was used to evaluate the submissions:

- Company Certification, Experience and Past Performance
- Specifications - Mandatory Requirements for both chassis and body
- Service Support, Delivery, Training, and Warranty
- Delivery schedule
- Price

After evaluation and scoring of the two submissions, Vision Truck Group was the winning bid having met and exceeded the terms and conditions and offering the best overall value to the City of London.

The recommended submission from Vision Truck Group (local Mack Truck Distributor) provides a 2023 Mack LR 64G (cab-over) CNG cab and chassis configuration with 2022 Labrie Expert loader bodies which are industry leading purpose-built units for this application. The Mack LR (cab-over) cab and chassis provides maximum performance,

comfort, visibility and ergonomic safety features and the Labrie Expert body configuration provides high payload capacity, single and split stream versatility and various cart tipping options.

The recommended bid also supports our “Culture of Safety” priority for both worker H&S and road safety. As well, there are advantages with regard to fleet standardization as the CNG Mack LR cab and chassis are already utilized in the fleet in the top loading bulk lift packer application. Standardization of the fleet creates efficiencies, saves costs and reduces both technician and operator training requirements.

2.3 Disposal of Decommissioned Units

Based on review of the trade options provided in the RFP, Fleet Planning in consultation with Purchasing and Supply will not be accepting the trade options submitted. The two (2) decommissioned packers will be sold at public auction with the proceeds being utilized to help offset the cost of purchasing these units. The existing units will be decommissioned and disposed of after the new units arrive. Trade in options did not directly form part of the bid selection criteria.

2.4 Extended Period of Time Required to Receive Vehicles

Based on the impacts of the pandemic and ongoing supply issues, these trucks once approved are expected to take 14-16 months before delivery. The two (2) existing units that will be retired will remain in service during this time which closely aligns with their optimum lifecycle renewal date.

The reason for the longer than normal build and delivery time is associated with market and manufacturing recovery challenges, material shortages, production delays, labour challenges and backlog of orders. These factors are directly impacting delivery times, order schedules and costs.

The supply chain challenges identified in this report for vehicle and equipment orders and delivery are consistent with many different manufacturing operations including the potential manufacture and delivery of Green Bins for organics collection. These pandemic-related challenges that exist in most parts of the world make it very challenging for manufacturers to predict exact delivery dates.

2.5 Tentative Rollout Plan for the Green Bin Program

In a report to CWC in November 2020 and approved in the 2021 Multi-year Budget Update (January 2021), the Green Bin implementation schedule was revised to an anticipated start date in the Fall of 2022. The implementation is expected to take place over several months with the rear loaders arriving and being commissioned first and the side loading fleet to follow. This will also provide time to gradually phase in the service which will match when collection vehicles will be delivered and ready for use.

Once the RFP award is approved, more accurate build and delivery dates will be finalized with Vision Truck Group which currently has build and delivery dates extending into the 1st quarter of 2023.

3.0 Financial Impact

3.1 Project Budget

Fleet and Operational Services set an original estimated capital cost of \$445,000 per truck for the three (3) CNG split stream side loaders and \$425,000 per truck for the two (2) single stream side loaders. The estimated total cost for the side loaders (not including tipper options) was set at \$2,185,000 (excluding HST) for five (5) trucks.

The recommended bid from Vision Truck Group was slightly higher with a submitted total price of \$2,268,235 (excluding HST) for the five side loaders. That price however includes the upgrade to the Mack LR cab-over configuration which adds significant overall value.

The submitted price for a split stream side loader is \$459,567 (excluding HST) per each unit (3 units) and a single stream side loader is \$444,767 (excluding HST) per each unit (2 units).

In addition, after consultation with the Waste Management team, Fleet Services have elected to include three (3) cart tippers that were optional items listed in the submission. Option 2A cart tipper with a submitted price of \$8,008 (excluding HST) will be installed on one (1) split stream side loader unit and Option 2B cart tipper with a submitted price of \$14,634 (excluding HST) will be installed on the other two (2) split stream side loader units. The single stream units will not be equipped with a cart tipper.

This brings the total order cost to \$2,305,511 (excluding HST) which breaks down to \$889,534 (excluding HST) for two (2) single stream side loader units and \$1,415,977 (excluding HST) for three (3) split stream side loader units equipped with cart tippers.

Funding for this purchase, including the additional amount over Fleet's original estimate, is available within the approved capital plan for this project.

3.2 Project Funding

Funding details for this procurement are outlined in the attached Source of Financing (Appendix A).

Two (2) of the waste collection trucks that are, or soon will be, up for lifecycle renewal will be funded using the approved Fleet capital replacement budget supplemented with additional funding from the approved Green Bin capital budget.

Capital requirements for the three (3) additional units will be fully funded from the approved Green Bin capital budget as these units are all additional fleet assets being purchased to support organic waste collection needs.

The Green Bin capital budget is significantly funded from the Canada Community-Building Fund (formerly the Federal Gas Tax program).

Future capital and operating budgets will be impacted by the changes to the existing assets and the addition of more packers. Fleet Services have calculated the expected operational, fuel, maintenance and future replacement capital requirements. Rental rates for the Waste Management program will be adjusted accordingly beginning upon delivery (1st Quarter of 2023). On an annual basis those rental rate costs will be evaluated and adjusted as required as more actual cost experience is acquired.

It is expected there will be lower maintenance costs associated with the CNG engine configuration. With a 3-year extended warranty on both the Cummins engine and Allison transmission being provided, these lower costs will help offset the additional operating and capital costs for the new CNG powered units going forward.

As well, research indicates with the cleaner burning CNG engine it is very likely these assets can be extended for an additional year of lifecycle (up to 10 years) which will also help to lower the annual costs to the program.

Fuel savings from CNG during the start up years will be going to pay back the loan from the Operating, Efficiency, Effectiveness and Economy Reserve Fund (EEE) for the CNG maintenance facility modifications required at Exeter Road Operations Centre.

Conclusion

Based on the analysis and evaluation of the submissions received, Fleet Services in conjunction with Waste Management recommend that RFP 21-38 be awarded to Vision Truck Group, 1220 Franklin Blvd. Cambridge Ontario N1R 8B7 for the supply and delivery of five (5) CNG Split and Single Stream Side Loading Waste Collection Trucks.

The recommendation provides the best overall value to the City of London having met the operational requirements, terms, and conditions of the RFP, and scored the highest on the evaluation criteria.

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

Concurred by: Jay Stanford, MA, MPA
Director, Climate Change, Environment & Waste
Management, Environment & Infrastructure

Concurred by: Tim Wellhauser, CIM
Director, Fleet and Facilities
Finance Supports

Concurred by: Kelly Scherr, P.Eng., MBA, FEC
Deputy City Manager
Environment and Infrastructure

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

Attached: Appendix A – Source of Financing

Appendix "A"

#21180

November 2, 2021
(Award Contract)

Chair and Members
Civic Works Committee

RE: RFP 21-38 Supply and Delivery of CNG Split and Single Stream Side Loading Waste Collection Trucks
(Work Orders 2530336-2530340)
Capital Project SW6050 - New and Emerging Solid Waste Technologies
Vision Truck Group - \$2,305,511.00 (excluding HST)

Finance and Corporate Services Report on the Sources of Financing:

Finance and Corporate Services 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 is:

Estimated Expenditures	Approved Budget	Committed To This Date	This Submission	Balance for Future Work
Consulting	1,000,000	309,341	0	690,659
Construction	24,615,094	0	0	24,615,094
Vehicles and Equipment	10,384,906	8,038,818	2,346,088	0
Total Expenditures	\$36,000,000	\$8,348,159	\$2,346,088	\$25,305,753
Sources of Financing				
Debenture By-law No. W.-5679-335	11,700,000	0	0	11,700,000
Drawdown from Solid Waste Renewal Reserve Fund	16,351,532	399,691	2,346,088	13,605,753
Canada Community-Building Fund (Federal Gas Tax)	7,948,468	7,948,468	0	0
Total Financing	\$36,000,000	\$8,348,159	\$2,346,088	\$25,305,753

Financial Note:

Contract Price	\$2,305,511
Add: HST @13%	299,716
Total Contract Price Including Taxes	2,605,227
Less: HST Rebate	-259,139
Net Contract Price	\$2,346,088

Jason Davies
Manager of Financial Planning & Policy

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