

## 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:** SS-2023-037 - London Fire Department Single Source  
Request for Engine and Aerials

**Date:** February 22, 2023

## 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 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 City View Specialty Vehicles, Inc., 1213 Lorimar Drive, Mississauga, Ontario, L5S 1M9 for a one-time, single source purchase with a cost of \$7,251,653 CAD, excluding HST, for one (1) Fire Engine and two (2) Articulating Aerial Platform vehicles for the London Fire Department;
- b) the approval in a) above, **BE CONDITIONAL** upon The Corporation of the City of London negotiating satisfactory prices, terms, conditions, and entering into a one-time purchasing agreement with City View Specialty Vehicles, Inc. to provide one (1) Fire Engine and two (2) Articulating Aerial Platform vehicles 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 (1) Engine and two (2) Articulating Aerial Platform vehicles to help mitigate the current vehicle maintenance challenges due to an aging fleet.

## Linkage to the Corporate Strategic Plan

The London Fire Department Single Source procurement for an Engine and two (2) Aerials 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. The current spare fleet consists of a total of five (5) Engines, one (1) Aerial, and one (1) Tanker. Within the Council approved Fire Master Plan, there is an action to increase the number of Engines to six (6). This additional Engine ensures the LFD can maintain front-line services and training initiatives.

The LFD has experienced unexpected breakdowns, unplanned maintenance, as well as traffic accidents involving in-service vehicles that continues to put pressure on both in-service and spare fleet resources. The LFD continues to shift several other vehicles between stations to ensure available service across the city.

This pressure on fleet resources makes this expeditious purchase necessary. With the current spare Engines and spare Aerial being assigned to various stations, any further breakdowns, accidents, or other unforeseen circumstances will result in negative impacts to service levels.

With the planned addition of a fifteenth fire station in early 2025, and following actions laid out in the Fire Master Plan, an additional Engine and Aerial Platform will be required to be put into service.

The current Aerial Platform, being a 2009 model, is scheduled to be removed from the fleet in 2024. As outlined in the Fire Master Plan, front-line vehicles are generally intended to have a twelve (12) year front-line service life with a three (3) year assignment as a spare, totalling fifteen (15) years. This fifteen (15) year lifecycle is a shift from the previous twenty (20) year lifecycle and will assist in decreasing unplanned and costly maintenance in the future.

## 2.0 Discussion and Considerations

### 2.1 Severity of Issue Leading to Single Source Apparatus Procurement

There is currently a wait time of approximately 18-24 months to purchase and outfit new vehicles of this size and capacity through standard procurement processes. The LFD has worked through the Request for Proposal (“RFP”) process that would have allowed the ordering of four new vehicles before the end of 2023. However, this process was unsuccessful due to the challenges faced in the post-pandemic market, specifically the delays in the delivery of fire vehicles. There is concern of risk during this waiting period that reductions in service could occur.

At present, there is an in-production Engine and an in-production Articulating Aerial Platform, as well as a second demonstration Articulating Aerial Platform available through City View Specialty Vehicles, Inc. These units have been assessed by the LFD Mechanical Division as well as other relevant LFD personnel. This confirmed that specifications of the available vehicles meet LFD needs and are compatible with the current fleet.

Compatibility with the current fleet is essential and will ensure that the LFD Mechanical Division can maintain these vehicles efficiently and that the Training Division can ensure staff are adequately trained on their use. It is a unique opportunity for the City of London that these vehicles can be available for such timely delivery.

### 2.2 Procurement Process

The supplier of the available vehicles selected by the subject matter expert group at the LFD is City View Specialty Vehicles, Inc. The in-production Engine is available for

immediate purchase with an expected delivery date of Q4 2023. The price of this Engine is \$1,388,513 CAD (excluding HST) and the estimated cost for equipping the Engine is \$150,000. This delivery, outfitting, and putting into service is expected to be completed by December 2023. The total cost of this Engine purchase, including equipment, will be \$1,516,513 (excluding HST).

The in-production Articulating Aerial Platform is available for immediate purchase with an expected delivery date of Q4 2023. The price of this Aerial is \$2,970,590 CAD (excluding HST) and the estimated cost for equipping the Aerial is \$229,065. This delivery, outfitting, and putting into service is expected to be completed by December 2023. The total cost of this Engine purchase, including equipment, will be \$3,151,655 (excluding HST).

The demonstration Articulating Aerial Platform, a 2019 model, is available for immediate purchase with an expected delivery within 120 days of purchase. The price of this Aerial is \$2,281,485 CAD (excluding HST) and the estimated cost for equipping the Aerial is \$150,000. This delivery, outfitting, and putting into service is expected to be completed by August to September 2023. The total cost of this Engine purchase, including equipment, will be \$2,383,485 (excluding HST).

By purchasing all three vehicles at one time, the City of London is receiving a total discount of \$109,000 with an additional \$9,000 of already submitted deposits being utilized against the total purchase price.

The total for all three vehicles will be \$7,051,653 (excluding HST) based on the above, however, Civic Administration is seeking the approval of \$7,251,653 as indicated in the Source of Financing Report attached as Appendix A, which provides an additional \$200,000 as a contingency amount for any potential currency rate exchange increases between the time of report production and execution of the purchase. Any unused portion of the additional \$200,000 contingency would be returned to the appropriate financial accounts.

To address extended lead times on new vehicle orders, and to maintain existing service levels, it has become imperative that the LFD purchase one (1) Engine and two (2) Articulating Aerial Platforms to replace aging vehicles utilizing the single source procurement clause as outlined in sections 14.4(d) and (k) of the Procurement of Goods and Services Policy.

#### 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.

## **2.3 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.

The 10-year Fire Master Plan provides an overall vision, direction, and guidance for Council to make decisions about service improvements and enhancements through fire hall locations, fleet lifecycle replacement, and any other elements that affect the delivery of fire services to match the growing needs of the community. As part of the implementation of this Plan, Civic Administration is beginning the process of decreasing the current lifecycle of all front-line fire department vehicles from twenty (20) years to fifteen (15) years.

Actions to gradually reduce this lifecycle are underway that will assist in avoiding future potential fleet shortages. Considering this, a multi-year capital asset management plan is being developed to address immediate vehicle needs within the upcoming 2024-2027 Multi-Year Budget and beyond. This plan will lay out replacement years and estimated costs of emergency and non-emergency vehicles in the LFD's fleet.

The LFD, in collaboration with the City's Procurement Division, is currently exploring group buying opportunities to reduce costs, improve purchasing power, streamline the purchasing process, allow for standardization of vehicles and equipment, and ensure that the LFD's future fleet of fire vehicles will be of high quality.

### **3.0 Financial Impact/Considerations**

The costs of these vehicles exceed the available capital budgets that have been previously approved. However, additional funding is available in the Fire Facilities, Vehicle, and Equipment Renewal Reserve Fund and Fire City Services (Development Charges) Reserve Fund for this purchase to offset the required budget increase per the Source of Financing Report attached as Appendix A.

To partially mitigate the additional funding requirement associated with the purchase of these two Articulating Aerial Platforms and one Engine, the planned replacement of one Rescue unit and one Tanker will be deferred to future years.

The operating costs associated with the new Fire Station #15 and additional aerial vehicle are being accumulated through Assessment Growth funding over the 2020-2023 period, with the last allocation anticipated to be approved in 2023.

The Fire Master Plan action to reduce the lifecycle of LFD vehicles, including impacts to the Fire Facilities, Vehicle, and Equipment Renewal Reserve Fund, will be considered during preparation of the 2024-2027 Multi-Year Budget and beyond.

## **Conclusion**

Immediate single source procurement of one (1) fire Engine and two (2) Articulating Aerial Platform vehicles as per Sections 14.4(d) and (k) of the Procurement of Goods and Services Policy is required to minimize the impact of abnormal market conditions and to maintain compatibility with existing fleet.

**Prepared by:** Katerina Barton, Manager, Finance and Planning, Fire Services

**Submitted by:** Richard Hayes, Acting Fire Chief

**Recommended by:** Cheryl Smith, Deputy City Manager, Neighbourhood and Community-Wide Services

c: Jason Davies, Manager III, Financial Planning and Policy  
Steve Mollon, Manager, Purchasing and Supply, Finance Supports  
Vanetia R, Solicitor I, Legal Services  
Jason Wills, Manager III, Risk Management, Legal Services

**Source of Financing Report**

**Appendix "A"**

**#23029**

February 22, 2023  
(Award Contract)

Chair and Members  
Community and Protective Services Committee

RE: SS-2023-037 - London Fire Department Single Source Request for Engine and Aerials  
(Subledger FLT23001-23003)

Capital Project FS1043 - Aerial Company - Central London

Capital Project FS1089 - Quint - Station 15 Vehicle

Capital Project FS115222 - Emergency Fire Vehicle

Capital Project FS115223 - Emergency Fire Vehicle

City View Specialty Vehicles, Inc. - \$7,251,653 (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 funding available in the Fire Facilities, Vehicle and Equipment Renewal Reserve Fund and the City Services (Development Charges) - Fire Reserve Fund, and that, subject to the adoption of the recommendations of the Deputy City Manager, Neighbourhood and Community-Wide Services, the detailed source of financing for this project is:

<b>Estimated Expenditures</b>	<b>Approved Budget</b>	<b>Additional Funding Requirement</b>	<b>Revised Budget</b>	<b>Committed To Date</b>	<b>This Submission</b>
<b>FS1043 - Aerial Company - Central London</b>					
Vehicle & Equipment	1,805,000	690,352	2,495,352	3,000	2,492,352
<b>FS1089 - Quint - Station 15 Vehicle</b>					
Vehicle & Equipment	899,900	685,870	1,585,770	3,000	1,582,770
<b>FS115222 - Emergency Fire Vehicle</b>					
Vehicle & Equipment	1,252,567	0	1,252,567	3,000	1,249,567
<b>FS115223 - Emergency Fire Vehicle</b>					
Vehicle & Equipment	165,000	1,878,839	2,043,839	0	2,043,839
<b>Total Expenditures</b>	<b>\$4,122,467</b>	<b>\$3,255,061</b>	<b>\$7,377,528</b>	<b>\$9,000</b>	<b>\$7,368,528</b>

**Sources of Financing**

**FS1043 - Aerial Company - Central London**

Drawdown from Fire Facilities, Vehicle and Equipment Renewal Reserve Fund (Note 1)	361,000	138,070	499,070	600	498,470
Debenture Quota (Serviced through City Services - Fire Reserve Fund (Development Charges) (Note 2 and 5)	1,444,000	552,282	1,996,282	2,400	1,993,882
<b>FS1043 Total</b>	<b>1,805,000</b>	<b>690,352</b>	<b>2,495,352</b>	<b>3,000</b>	<b>2,492,352</b>

**FS1089 - Quint - Station 15 Vehicle**

Debenture Quota (Note 2 and 5)	317,665	242,112	559,777	1,059	558,718
Drawdown from City Services - Fire Reserve Fund (Development Charges) (Note 4)	582,235	0	582,235	1,941	580,294
Debenture Quota (Serviced through City Services - Fire Reserve Fund (Development Charges) (Note 2,4 and 5)	0	443,758	443,758	0	443,758
<b>FS1089 Total</b>	<b>899,900</b>	<b>685,870</b>	<b>1,585,770</b>	<b>3,000</b>	<b>1,582,770</b>

**FS115222 - Emergency Fire Vehicle**

Drawdown from Fire Facilities, Vehicle and Equipment Renewal Reserve Fund	1,252,567	0	1,252,567	3,000	1,249,567
<b>FS115223 - Emergency Fire Vehicle</b>					
Drawdown from Fire Facilities, Vehicle and Equipment Renewal Reserve Fund (Note 3)	165,000	1,878,839	2,043,839	0	2,043,839

<b>Total Financing</b>	<b>\$4,122,467</b>	<b>\$3,255,061</b>	<b>\$7,377,528</b>	<b>\$9,000</b>	<b>\$7,368,528</b>
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**Appendix "A"**

#23029

February 22, 2023  
(Award Contract)

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RE: SS-2023-037 - London Fire Department Single Source Request for Engine and Aerials  
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Capital Project FS1043 - Aerial Company - Central London

Capital Project FS1089 - Quint - Station 15 Vehicle

Capital Project FS115222 - Emergency Fire Vehicle

Capital Project FS115223 - Emergency Fire Vehicle

City View Specialty Vehicles, Inc. - \$7,251,653 (excluding HST)

<b>Financial Note:</b>	<b>FS1043</b>	<b>FS1089</b>	<b>FS115222</b>	<b>FS115223</b>	<b>Total</b>
Vehicle Cost	\$2,281,485	\$1,388,513	\$962,101	\$2,008,489	\$6,640,588
Add: HST @13%	296,593	180,507	125,073	261,104	863,277
Total Contract Price Including Taxes	2,578,078	1,569,020	1,087,174	2,269,593	7,503,865
Less: HST Rebate	-256,439	-156,069	-108,140	-225,754	-746,402
Less: Deposit Paid	-3,000	-3,000	-3,000	0	-9,000
Less: Total Discount	-45,000	-19,000	-45,000	0	-109,000
Add: Internal cost to equip	150,000	150,000	229,065	0	529,065
Add: Exchange Rate Contingency	68,713	41,819	89,468	0	200,000
Net Contract Price	<b>\$2,492,352</b>	<b>\$1,582,770</b>	<b>\$1,249,567</b>	<b>\$2,043,839</b>	<b>\$7,368,528</b>

**Note 1:** The additional funding requirement for this project is available as a drawdown from Fire Facilities, Vehicle and Equipment Renewal Reserve Fund. The forecasted balance of the reserve fund will be \$3.0M with the inclusion of this project.

**Note 2:** The additional funding requirement for this project is available via additional debt serviced through the City Services (Development Charges) - Fire Reserve Fund.

**Note 3:** The additional funding requirement for this project can be accommodated by advancing a portion of the 2024 budget. Upon approval of the recommendation of the Deputy City Manager, Neighbourhood and Community-Wide Services, the 2024 forecasted budget will be adjusted.

**Note 4:** Development charges have been utilized in accordance with the underlying legislation and the approved 2019 Development Charges Background Study and the 2021 Development Charges Background Study Update.

**Note 5: Note to City Clerk:** Administration hereby certifies that the estimated amounts payable in respect of this project does not exceed the annual financial debt and obligation limit for the Municipality from the Ministry of Municipal Affairs in accordance with the provisions of Ontario Regulation 403/02 made under the Municipal Act, and accordingly the City Clerk is hereby requested to prepare and introduce the necessary by-laws.

An authorizing by-law should be drafted to secure debenture financing for project FS1043 - Aerial Company - Central London for the net amount to be debentured of \$1,996,282.00

An authorizing by-law should be drafted to secure debenture financing for project FS1089 - Quint - Station 15 Vehicle for the net amount to be debentured of \$1,003,535.00.

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Kyle Murray  
Director, Financial Planning & Business Support

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