



Report to: General Committee

Meeting Date: January 31, 2022

SUBJECT: 003-T-19 Short Term Rental of Vehicles Contract Extension
PREPARED BY: Tanya Lewinberg for Raymond Law, Sr. Manager – Business,
Fleet & Public Realm, Ext 4852
Melita Lee, Senior Buyer, Ext 2239

RECOMMENDATION:

- 1) That the report entitled “003-T-19 Short Term Rental of Vehicles Contract Extension” be received; and,
- 2) That the contract for Short Term Rental of Vehicles be extended for an additional two (2) years to Somerville National Leasing & Rentals Ltd. in the estimated value of \$441,935.06 inclusive of HST:
 - a. January 1 – December 31, 2023 - \$220,967.53
 - b. January 1 – December 31, 2024 - \$220,967.53*

*Subject to CPI All Items Ontario for the twelve (12) month period ending October and shall not exceed 2%; and,
- 3) That the award be funded from the various operating accounts outlined in the Financial Considerations section; and,
- 4) That the tendering process be waived in accordance with Purchasing By-Law 2017-8, Part II, Section 11. Non-Competitive Procurement, items 11.1 (c) and (g), which state:
 - (c) When the extension of an existing Contract would prove more cost-effective or beneficial; and
 - (g) Where it is in the City’s best interest not to solicit a competitive bid; and,
- 5) That Staff be authorized to amend the award amounts to reflect changes to the operating budget accounts, subject to Council approval during the annual budgeting process; and further,
- 6) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

To obtain Council approval to extend the contract for the short term rental of vehicles for two (2) additional, separate one year terms (January 1, 2023 – December 31, 2023 and January 1, 2024 – December 31, 2024).

BACKGROUND:

The City has a seasonal requirement for pick-up trucks (2500 series and 1500 series) to be used by staff in various departments throughout the City. These vehicles are required as seasonal fleet units to deliver the required services throughout the spring, summer and fall seasons.

In 2019, the City awarded the contract through a competitive procurement process for short term rental of vehicles to Somerville National Leasing & Rentals Ltd. The original contract term was for April 1 – December 31, 2019 with an option to renew for an additional three (3) terms (2020 – 2022).

Pricing from Somerville in 2019 was 64% lower than the 2nd lowest priced bidder and 83% lower than the next lowest priced bidder.

OPTIONS/ DISCUSSION:

Due to the ongoing Covid-19 pandemic, Staff have been proactively reviewing contracts to determine the best options moving forward.

The ongoing Covid-19 pandemic has had significant impacts on the delivery of vehicles, with delivery schedules longer than anticipated, lower inventory levels and increased prices.

The vehicle rental industry has also been impacted with the restriction on vehicle availability, thus creating a higher demand and increased costs for rentals. Given this information and the challenges associated with Covid-19 for vehicles not expected to subside until 2023, Staff are recommending that the existing contract be extended for two (2) additional years.

Staff anticipate that challenges associated with Covid-19 will subside in 2023 as the global economy recovers and releasing a new bid in 2024 for 2025 requirements.

Although the contract renewal does not commence until January 1, 2023, Staff are requesting approval to extend the contract at this time to ensure Somerville possesses and maintains the necessary vehicles required for future City requirements.

Somerville has provided short term rental of vehicles since 2006 and staff are satisfied with their performance. The extension of the current contract will ensure the continuity and provision of short term rental of vehicles to the City, which will ensure that the risk of service disruptions to deliver required services to City residents and the public are minimized.

FINANCIAL CONSIDERATIONS

The following table summarizes the financial impact of this award for 2023 in the amount of \$220,967.53 (inclusive of HST) by account:

Account Name	Account #	Budget Available	Cost of Award	Budget Remaining/ (Shortfall)
Fleet	750-752-5500	\$ 191,780.32	\$ 199,451.53	\$ (7,671.21)
Waterworks	760-998-5421	\$ 6,377.18	\$ 6,632.26	\$ (255.09)
Recreation	500-998-7899	\$ 14,311.28	\$ 14,883.73	\$ (572.45)
Totals		\$ 212,468.77	\$ 220,967.53	\$ (8,498.75)

The shortfall of \$8,499 is a result of a 4% price increase across each unit in 2022's contract renewal due to vendor's inability to maintain their unit pricing (as outlined in the original contract terms) due to the shortage of vehicles and increased costs related to maintaining existing vehicles.

Price is subject to an annual increase based on CPI All Items Ontario for the twelve (12) month period ending October 31 in the applicable year, and shall not exceed 2% per annum. The cost of award will be addressed as part of the 2023 and 2024 Operating budget process, subject to Council approval

OPERATING BUDGET AND LIFE CYCLE IMPACT

The maximum 2% escalation per annum for years 2023 and 2024 will be part of the 2023 and 2024 Operating budget process, subject to Council approval.

There is no impact to the Life Cycle Reserve Study.

HUMAN RESOURCES CONSIDERATIONS

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not applicable.

BUSINESS UNITS CONSULTED AND AFFECTED:

Procurement and Financial Services Departments have been consulted in the preparation of this report.

RECOMMENDED BY:

Alice Lam, Director
Operations

Morgan Jones, Commissioner
Community Services

ATTACHMENTS:

Not applicable