



Report to: General Committee

Meeting Date: April 16, 2024

SUBJECT: 059-S-24 Supply & Delivery of Two (2) Single Axle Trucks and One (1) Tandem Axle Truck

PREPARED BY: Steven Dollmaier, Sr Manager Roads & Fleet, Operations, Ext. 2275
Melita Lee, Senior Buyer, Ext. 2239

RECOMMENDATION:

- 1) That the report entitled “059-S-24 Supply & Delivery of Two Single Axle Trucks and One Tandem Axle Truck” be received; and,
- 2) That the contracts for the supply and delivery of two single axle trucks be awarded as follows:
 - a) Supply and delivery of two trucks and chassis to Premier Truck Group in the amount of \$314,439.44 inclusive of HST; and,
 - b) Supply, installation, delivery and upfit of the winter control equipment on these two trucks and chassis to Viking Cives in the amount of \$413,420.35 inclusive of HST; and,
 - c) That the total award amount for two trucks of \$727,859.79 (\$314,439.44 + \$413,420.35) inclusive of HST be funded from capital project #23020 (057-6150-23470-005 Corporate Fleet Replacement – Non-Fire) with available budget of \$582,400; and,
- 3) That the budget shortfall for the single axle trucks (project #23020) in the amount of \$145,459.79 (\$582,400.00 - \$727,859.79) be funded from the Life Cycle Replacement and Capital Reserve Fund; and,
- 4) That the contracts for the supply and delivery of one tandem axle truck be awarded as follows:
 - a) Supply and delivery of one truck and chassis to Premier Truck Group in the amount of \$207,171.66 inclusive of HST; and,
 - b) Supply, installation, delivery and upfit of the winter control equipment on this truck and chassis to Viking Cives in the amount of \$213,075.26, inclusive of HST; and,
 - c) That the total award amount of \$420,246.93 (\$207,171.66 + \$213,075.26) inclusive of HST be funded from capital project #24230 (057-6150-24230-005 Corporate Fleet Replacement – Non-Fire) with available budget of \$428,402.75; and,
- 5) That the budget remaining for the tandem axle truck (project #24230) in the amount of \$8,155.82 (\$428,402.75 - \$420,246.93) be returned to the original funding source; and,
- 6) That the tendering process be waived in accordance with Purchasing By-Law 2017-18, Part II, Section 11.1 (f) where, for any reason, a Quotation issued by the City does not result in a successful Contract Award; and further,

- 7) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to obtain Council approval to award the contract for two single axle trucks and one tandem axle truck complete with plow, wing and combination dump/spreader.

BACKGROUND:

In June 2023, the City issued Request for Tender (RFT) 047-T-23 for the supply and delivery of two single axle trucks complete with plow, wing and combination dump/spreader. These trucks will be used for both summer and winter maintenance operations. The tender requested the combined truck and chassis to be supplied and delivered from a single vendor.

The tender closed on July 10, 2023 with only one bid received. Based on the results of the RFT, there are still ongoing challenges in the automotive industry with availability and pricing. The sole bid received was 38.5% (or \$224,235.24) over the City's budget. The tender was subsequently cancelled due to budget constraints.

OPTIONS/ DISCUSSION:

Following the cancellation of the tender, Procurement and Fleet made the conscious decision to review the procurement strategy and are recommending to purchase the truck/chassis and upfit the winter control equipment separately from different vendors to mitigate budget shortfall. While this process is time consuming, in the past the City has been successful in attaining lower cost when managing the process through various manufacturers.

Additionally, during the review, a scope change was approved to convert a third single axle plow truck (originally scheduled for replacement in 2023) to a tandem axle plow truck. This would allow the truck to cover a longer route in winter operations without returning to the yard for refilling, as well as using the truck to carry a heavier haul during summer maintenance operations.

Single axle truck

As noted above, the City issued a tender to the market in June 2023 and at that time, the sole bidder was \$224,235.24 over budget. The most common method of procurement is to award to a single vendor to oversee the entire build process of the trucks, thus resulting in additional administrative and/or mark-up costs. Due to the significant budget variance in the 2023 tender, Procurement and Fleet reviewed other options to minimize the budget impact.

As per this report, the recommended approach is to award two separate contracts (1. Build the truck and chassis then ship to Markham. 2. Markham will ship the truck and chassis to the next vendor for upfit with the winter control equipment. Then the completed unit will be shipped back to the City). Fleet will oversee the process of the

build, and by doing this, the City is able to reduce the cost from the June 2023 tender price by \$78,775.45 (\$39,387.72 per vehicle) and reducing the budget shortfall from \$224,235.24 to \$145,459.79.

Tandem axle truck

The tandem axle truck (based on the approved scope change identified above) from the 2024 capital project was also added to the purchase to leverage the City's volume and to achieve similar cost savings utilizing this procurement strategy.

The truck market is still recovering from the previous supply chain disruption, so production and parts supply are still behind schedule. Because of the surge in the cost of parts (such as engines, transmissions, axles, and raw materials), the price of heavy duty trucks has risen by 65%. By leveraging these units together and utilizing Fleet as the primary liaison between both vendors, the City is receiving pricing for a tandem axle truck to the similar costs we received in 2023 for a single axle truck.

Fleet will handle project management rather than vehicle dealerships, including detail specifications design and option selection, as well as truck transportation arrangements between manufacturer sites.

The units being replaced (#1272, 1273 and 1274) will be sold upon delivery of the new units in accordance with the Purchasing By-Law 2017-8, Part V, Disposal of Personal Property. Proceeds will be posted to account 890 890 9305 (Proceeds from the Sale of Other Fixed Assets).

FINANCIAL CONSIDERATIONS

Account Name	Account #	Budget Allocated for this Purchase	Cost of Award	Budget Remaining/Shortfall
Corporate Fleet Replacement - Non Fire	057-6150-23470-005	\$ 582,400.00	\$ 727,859.79	\$ (145,459.79)
Corporate Fleet Replacement - Non Fire	057-6150-24230-005	\$ 428,402.75	\$ 420,246.93	\$ 8,155.82
Totals:		\$ 1,010,802.75	\$ 1,148,106.72	\$ (137,303.97)

Budget Shortfall

Staff recommend that the shortfall in project #23270 in the amount of \$145,459.79 (or 25% of the budget) be funded from the Life Cycle Replacement Reserve. As these vehicles are critical to the City's winter operations, it is important that there is no further delay in the purchase of the replacements.

OPERATING & LIFE CYCLE IMPACT

These are 2023 and 2024 Capital Projects funded from the Life Cycle. The next update of the Life Cycle will include the updated pricing for these vehicles. As these are capital projects, there is no incremental Operating Budget impact.

PEOPLE SERVICES CONSIDERATIONS

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not applicable

BUSINESS UNITS CONSULTED AND AFFECTED:

Financial Services Department have been consulted in the preparation of this report.

RECOMMENDED BY:

Alice Lam, Director
Operations

Morgan Jones, Commissioner
Community Services

ATTACHMENTS:

Not applicable