



Report to: General Committee

Date Report Authored: January 04, 2013

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| SUBJECT: | 013-S-13 Supply of Fire Department Apparatus |
| PREPARED BY: | Laurie Canning, Ext. 4896 |
| | Alex Moore, Ext. 2239 |
| | Phil Alexander, Ext. 5960 |

RECOMMENDATION:

- 1) That the report entitled "013-S-13 2013 Supply of Fire Department Apparatus" be received;
- 2) That the supply of three (3) Pumper apparatus be awarded to Safetek Emergency Vehicles in the amount of \$577,652.85 each in US dollars (\$567,774.99 each in CAD dollars), totaling \$1,732,958.55 in US dollars (\$1,703,324.96 CAD dollars) inclusive of HST;
- 3) That the supply of an Aerial apparatus be awarded to Safetek Emergency Vehicles in the amount of \$927,918.91 in US dollars (\$912,051.50 each in CAD dollars) inclusive of HST;
- 4) That authority to approve the expenditure to equip the three (3) Pumper apparatus and one (1) Aerial apparatus in the amount of \$225,000.00 be provided to the Director of Operations (or his designate) or the Fire Chief (or his designate) as per the limits in accordance to the Expenditure Control Policy;
- 5) That the funds for the award are provided from account 057-6150-13402-005 "Corporate Fleet Replacement-Fire" in the amount of \$2,840,376.46 CAD dollars;
- 6) That the remaining funds in account 057-6150-13402-005 "Corporate Fleet Replacement-Fire" in the amount of \$622,823.54 in CAD dollars be returned to the original funding source;
- 7) That the tender process be waived in accordance with purchasing By-Law 2004-341, Part II, Section 7 Non Competitive Procurement, item 1 (e) which states "Where the City is acquiring specialized equipment, in which case the sources of supply may be identified based on technical specifications prepared by the User Department staff, the Manager of Purchasing may negotiate purchases based on such specifications in consultation with the User Department;"
- 8) That vehicles 9871 (2003 model year), 9881 (1998 model year), 9836 (2002 model year) and one of 911, 961 or 971 (2003 model year) will be disposed of in accordance with Purchasing By-Law 2004-341, Part V, Disposal of Personal Property and the proceeds be posted to account 890-890-9305 "Proceeds of Sale-Other F/A" upon placing the new apparatus into service;
- 9) And 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 2013 life cycle replacement of fire apparatus and associated equipment.

BACKGROUND:

Council at its June 23, 2009 meeting resolved that Markham Fire and Emergency Services be authorized to continue with the standardization of the City's fire apparatus fleet for an additional five year, concluding in 2014. The Fire Chief and the Manager of Purchasing, or their designates have the authority to negotiate with Safetek Emergency Vehicles, as the Canadian supplier for Smeal Fire Apparatus.

Unit 916 (105' Aerial apparatus) and Units 911, 961 and 971 (Pumper apparatus) have been included in the 2013 Corporate Fleet Replacement Program. Currently, these units are front line fire apparatus and have experienced significant usage in their life cycle to date. Downtime and increased maintenance requirements due to severe duty usage render the units less reliable as first run apparatus.

Considering the current number of front run apparatus in the Fire and Emergency Services fleet, mandatory annual vehicle inspections, preventative maintenance programs and the apparatus availability times related to these programs it is necessary to maintain a spare fleet roster of three apparatus (one aerial and two pumpers). The spare fleet compliment currently consists of pumpers 9871 and 9881 and aerial 9836. First run apparatus are retired to spare status when replacement criteria is met as identified in the Corporate Fleet Replacement Policy and the downtime and increased maintenance requirements due to severe duty render the apparatus less reliable.

All three of the current spare apparatus (9871, 9881 and 9836) have significant repair requirements and/or outdated apparatus components which render the units unreliable and expensive to maintain and they will be disposed of upon placing the new apparatus into service. Based on condition assessment at the time of delivery of the new apparatus, one of existing pumper apparatus will also be disposed of and the remaining two pumper apparatus along with existing aerial apparatus will become the spare apparatus fleet. Spare units are not included in the Fleet Life Cycle Reserve study as they have already been accounted for as first run units and do not have specific replacement criteria assigned.

OPTIONS/ DISCUSSION:

The preferred supplier arrangement enables Fire and Emergency Services staff to consider all aspects of apparatus management including post delivery service, original manufacturer resources, factory expertise and the longevity of vendors in the industry. Continuity in the fire apparatus manufacturing industry is a concern where there is a continuous cycle of re-alignment in the business relationships between Canadian and American affiliates.

The City has purchased three aerial apparatus and eleven pumper apparatus since entering into the original preferred supplier agreement with Safetek in 2001. The City's

experience with Safetek has proven to be a success from a product quality perspective, as well as being a financially sustainable approach to delivery of fire and emergency services to the citizens of Markham.

The recommended purchase of the 3 Pumpers and 1 Aerial includes a “green option” auxiliary diesel power unit (APU) which is new to the City of Markham. The APU can potentially reduce operation of the main diesel operating engine up to 80% during idling periods, leading to significant reductions in emissions and fuel consumption. Fuel consumption will be monitored to verify the financial sustainability of the ‘green option.’

After receipt of all information, Purchasing & Fire Staff undertook negotiations with the following results (in USD):

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| • A 5% reduction for 3 pumpers | \$ 146,931 |
| • A 5% reduction for 1 Aerial | <u>\$ 33,393</u> |
| Total | \$ 180,324 |

Including negotiated savings noted above, the recommended purchase price is 3% higher than 2011. However, Markham will take advantage of an early payment on the chassis to reduce the purchase price by 1.065% representing an additional savings of \$28,356 USD at time of payment.

Additionally, the inclusion of the green option identified above will be at no cost to Markham, representing a value of approximately \$30,000 USD per each apparatus.

Staff is satisfied with the equipment manufactured by Smeal Fire Apparatus and continues to work with the vendor Safetek to identify further “value added” opportunities such as technical training for fleet technicians.

The cost of the equipment to outfit a new pumper is approximately \$100,000 CAD and a new aerial approximately \$150,000 CAD. Each of the recommended apparatus purchases are replacements. The cost of the equipment is significantly less because MFES will transfer equipment from the existing trucks according to condition assessment.

FINANCIAL CONSIDERATIONS AND TEMPLATE:

| Vehicle | Account | Cost of Award in USD | Budget Allocated to Award in CAD | Award in CAD | Budget Variance in CAD |
|----------------------------------|--------------------|----------------------|----------------------------------|----------------|------------------------|
| Pumper Apparatus (unit #911) | 057-6150-13402-005 | \$577,652.85 | \$637,200.00 | \$567,774.99 | \$69,425.01 |
| Pumper Apparatus (unit #961) | 057-6150-13402-005 | \$577,652.85 | \$637,200.00 | \$567,774.99 | \$69,425.01 |
| Pumper Apparatus (unit #971) | 057-6150-13402-005 | \$577,652.85 | \$637,200.00 | \$567,774.99 | \$69,425.01 |
| Aerial Apparatus (unit #916) | 057-6150-13402-005 | \$927,918.91 | \$1,101,600.00 | \$912,051.50 | \$189,548.50 |
| Equipment for Pumpers and Aerial | 057-6150-13402-005 | \$225,000.00 | \$450,000.00 | \$225,000.00 | \$225,000.00 |
| Balance | | \$2,885,877.47 | \$3,463,200.00 | \$2,840,376.46 | \$622,823.54 |

Note: Equipment for Pumpers and Aerial will be purchased in Canadian dollars only.

Total Award for the three pumpers and 1 Aerial is \$2,840,376.46 CAD. The remaining funds of \$622,823.54 will be returned to the original funding source. The exchange rate used in this report is \$1 USD to 0.9829 CAD. The exchange rate fluctuates and therefore could be a positive or negative exchange impact.

The Director of Operations (or his designate) or the Fire Chief (or his designate) will complete the purchase of the equipment for the three (3) Pumper apparatus and one (1) Aerial apparatus according to condition assessment at the time of apparatus delivery.

HUMAN RESOURCES CONSIDERATIONS

N/A

ALIGNMENT WITH STRATEGIC PRIORITIES:

N/A

BUSINESS UNITS CONSULTED AND AFFECTED:

N/A

RECOMMENDED BY:

17/01/2013

1/17/2013

X 

Bill Snowball
Fire Chief

X 

Brenda Librecz
Commissioner, Community & Fire Services