

Council Report

Report Number: PUR2022-027
Meeting Date: December 13, 2022
Title: High Score Request for Quotation 2022-26-CQ Supply and Delivery of Various Pick-up Trucks and SUVs – Multi-Year
Author and Title: Marielle van Engelen, Buyer
Rodney Porter, Manager Fleet and Transit Services

Recommendation(s):

That Report PUR2022-027 Request for High Score Request for Quotation (HSRFQ) 2022-26-CQ Supply and Delivery of Various Pick-up Trucks and SUVs – Multi- Year, be received;

That Council approve the purchase of four wheel or all wheel drive vehicles where the unit is utilized for work that requires it or the lifecycle business case supports the procurement;

That Blue Mountain Chrysler Ltd., be awarded HSRFQ 2022-26-CQ Supply and Delivery of Various Pick-up Trucks and SUVs – Multi Year;

That the deficit in project, 94220206, of \$265,942 be funded by the Public Works section of the Fleet Reserve (1.32070);

That Council, after the initial one (1) year term, authorize the option to renew for an additional two (2) one (1) year terms, based upon annual budget approval, mutual agreement and successful completion of the initial term and each term thereafter;

That subject to receipt of the required document the Mayor and Clerk be authorized to execute the agreement and

That the Procurement Division be authorized to issue a purchase order.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

The City's Fleet Division, part of the Public Works Department, partnering with the Procurement Division procures fleet related equipment in accordance with the Non-Emergency Fleet Policy (CP2021-002) and accompanying Management Directive (MD2016-015, as amended). These documents outline the requirements for procurement (replacement of existing, purchase of new), maintenance, use and cost recovery as well as guidelines for green initiatives, pooling of vehicles and rentals. The Management Directive identifying charge out rates to users is updated annually with current fleet rates based on maintenance costs, capital replacement costs and fuel costs.

This report provides rationale and supporting documentation for the award of a procurement for pick-up trucks and sport utility vehicles (SUVs) in alignment with the Non-Emergency Fleet Policy and Management Directive.

At the Council Meeting of July 10, 2012, Council adopted the following resolution, CR2012-800, from Fleet Report FT2012-001:

"THAT the purchase of 4x4 vehicles be considered where a vehicle is to be designated for snow removal vehicle, emergency response vehicle or as otherwise approved by Council, and;"

Since 2012 City of Kawartha Lakes Fleet Services has procured four-wheel drive vehicles for winter snow removal and emergency response exclusively.

The majority of the City's ½ ton pick up truck fleet is comprised of two-wheel drive pick up trucks. The two-wheel drive units have historically posed operational and potential safety challenges as the units are utilized by Roads Operations winter control supervisors and staff that drive in all weather and road conditions; Water and Waste Water supervisors and staff that respond to after hours' emergencies and Parks and Recreation maintenance supervisors and staff that respond to remote locations. Historically the decision was made to continue to utilize two-wheel drive trucks as they were readily available and were \$3,500- \$5,000 cheaper to capital procure. The resale value for the four-wheel drive units was higher than the two-wheel drive comparators but the value wasn't consistently enough to cover the expenditure difference.

A high score request for quotation was released for advertising in accordance with the Purchasing Policy requesting for the supply and delivery of the pick-up trucks and SUVs. The estimated lifecycle replacement/new purchase of pick up trucks up to and including the year 2024 has been identified as follows:

Part	Unit Description	2022	2023	2024
1	Group A- ½ Ton Pick-up, Crew Cab 6.5 Ft Box, Automatic, 4x2, and 4 full doors	4	3	3
2	Group C- ½ Ton Pick-up, Crew Cab 6.5 Ft Box, Automatic, 4x4 and 4 full doors	7	4	2
3	Group E- ¾ Ton Pick-up, Crew Cab 6.5 Ft Box, Automatic, 4x4, and 4 full doors	5	2	4
4	Group J - ¾ Ton Pick-up, Crew Cab 8 Ft Box, Automatic, 4x4, and 4 full doors	1	0	0
5	Group F- Mid-Sized, Four-Wheel Drive(4WD) or All- Wheel Drive(AWD), Four Door SUV - Provisional Item	1	0	0
	Group G- Crossover, Four-Wheel Drive (4WD) or All- Wheel Drive (AWD), Four Door SUV Provisional Item	1	0	0
6	Group H - Paramedic Services- mid-size, four-wheel drive (4WD) or all-wheel drive (AWD), four-door SUV. V6 - Gas	3	0	0
7	Group I - Paramedic Services- mid-size, four-wheel drive (4WD) or all-wheel drive (AWD), four-door SUV. V6 - Hybrid - Provisional Item	3	0	0

A high score request for quotation is similar to a request for proposal, with pricing being more than 50% of the score. The remaining 50% was based on conformance to the specifications. High score quotations are treated the same as request for proposals where financial information is not disclosed publicly.

The high score quotation provided respondents the opportunity to provide pricing for one or more parts of the request.

HSRFQ 2022-26-CQ Supply and Delivery of Various Pick-up Trucks and SUVs – Multi-Year closed on November 24, 2022 and was opened by Launa Macey, Supervisor of Procurement with the following results:

Submission Received From	Submitted for
Blue Mountain Chrysler Ltd.	Part 2 – Group C Part 3 – Group E Part 4 – Group J Part 5 – Groups F and G Part 6 – Group H

As per the Purchasing Policy, all awards that exceed the budget by more than \$10,000.00 and require additional funds must be approved by Council.

The submission was evaluated according to the specific criteria and specifications contained in the high score quotation document.

The replacement requirement for 2022 for the Fleet Division is seventeen (17) vehicles and for Paramedic Services is three (3). The procurement document requested pricing for the Fleet Division for seventeen 17 various pick up trucks and provincial pricing on four-wheel drive or all wheel drive mid-sized and crossover SUVs. For Paramedic Services the document requested pricing on three (3) gasoline SUVs and provincial pricing on three (3) hybrid mid-size four-wheel drive or all wheel drive SUVs; with seats that are wipe able and a front center to allow for a computer mount. As per the procurement document: Provisional shall be understood to mean that the inclusion in the contract of items so described shall be at the discretion of the City and no claims for extra payment or time due to the exclusion of any or all of these items will be accepted by the City.

The procurement document allowed for the City to add or remove vehicles. As no bids were received for the 4X2 pick-up trucks (Part 1), the Fleet Division, after consultation with the requesting departments, adjusted the type of vehicle and quantities to be cost effective while still meeting their replacement requirement. For Part 2 - Group 2 (4X4) trucks the quantity was increased from 7 to 14; for Part 3- Group E (3/4 ton; 6.5 ft box) trucks the quantity was reduced from 5 to 2; Part 4- Group J –(3/4 ton, 8 ft box) trucks was removed all together and one provisional item Part 5- Group F mid sized four wheel drive SUV is included for 2022 requirement.

Description	Quantity
Part 2 – Group C - ½ Ton Pick Up Trucks – 4X4	14
Part 3 – Group E - ¾ Ton Pick-up Truck 6.5 Ft Box see spec	2
Part 5 - Group F- Mid-Sized Four-Wheel Drive(4WD) or All- Wheel Drive(AWD) Four Door SUV	1

Rationale:

Since 2012 there have been many changes in the municipal fleet world including procurement practices, life cycle costing reviews, reduction in municipal fleet discounts, vehicle production/availability issues and vehicle resale value increases. These changes along with soaring vehicle costs and significant production delays have changed the way the City evaluates fleet vehicles and their resale potential.

The COVID 19 pandemic has introduced some challenges within the vehicle industry more specifically parts and parts availability. This has impacted production capabilities for many vehicle producers, but is more pronounced with the “BIG Three” (Ford, Dodge and GM/Chevrolet). This has impacted vehicle costs, availability and some manufacturers are no longer offering fleet discounts for municipal fleet vehicles.

With production challenges 2-wheel drive pick up trucks have now become less accessible, often becoming a special order and in some cases are not available at all. Based on the 2022 procurement results, two-wheel drive pickup trucks are currently unavailable and were not priced during this procurement.

In 2012, the cost premium to purchase a four-wheel drive vehicle as opposed to a comparable two-wheel drive vehicle was approaching between \$3,500 and \$5,000. The capital cost premium for the four-wheel drive pick up trucks purchased in 2021 was \$595 per unit. The resale potential for a four-wheel drive unit at auction at the end of its useful life is between one and two thousand dollars over a comparable two-wheel drive truck of the same year and mileage. With that said the shift from two-wheel drive trucks to four-wheel drive trucks makes fiscal sense at the time and the case can be made that the four-wheel drive units are a more cost effective solution. The fuel economy and maintenance cost difference between a four-wheel drive and a two-wheel drive pick up truck is negligible if at all measurable. The brand and year of the unit has a greater impact on cost than both the fuel and maintenance cost variables for two-wheel versus four-wheel drive truck.

The procurement for these vehicles, for Public Works Fleet Division, falls in line with the Non- Emergency Fleet Services Directive for life span replacement schedule.

Staff recommends Council approve the purchase of four wheel or all wheel drive vehicles where the unit is utilized for work that requires it or the lifecycle business case supports the procurement.

Staff recommends that Blue Mountain Chrysler Ltd., be awarded HSRFQ Supply and Delivery of Various Pick-up Trucks and SUVs –Multi Year.

Staff also recommends that Council, after the initial one (1) year term, authorize the option to renew for an additional two (2) one (1) year terms, based upon annual budget approval, mutual agreement and successful completion of the initial term and each term thereafter.

Other Alternatives Considered:

No other alternative is being considered as a competitive procurement process was conducted.

Alignment to Strategic Priorities

A Vibrant and Growing Economy

Recommendations in this report will support Public Works and Paramedic operations and service delivery.

Good Government

Recommendations in this report will ensure municipal assets are well maintained and well managed. A continuous review of operation efficiencies ensure that best municipal practices are adopted.

Financial/Operation Impacts:

Pick up Trucks and SUVs were approved in the 2022 Capital budget. Staff will ensure that this will be included in the corresponding capital budget for future years. The two Community Paramedicine Program SUVs are 100% funded from a grant from the Government of Ontario through the Ministry Health.

Capital Project Number	Project Budget	Other Committed Funds	Capital Project balance	Purchase Amount (excl. HST)	HST Payable	Total Amount	Project Balance
994220206	\$804,000	\$0	\$804,000	\$1,051,436	\$18,506	\$1,069,942	(\$265,942)
938220203	\$86,000	\$0	\$86,000	\$62,575	\$1,101	\$63,676	\$22,324
13844.743 05.11000	\$150,000	\$0	\$150,000	\$125,150	\$2,203	\$127,353	\$22,647

A portion of the remaining capital balance will be used to outfit vehicles with required items, such as decals, racking and radios.

Any remaining surplus or deficit will be dealt with through a capital close report presented to Council by the Treasury Department in accordance with the Capital Close Policy.

Consultations:

Accounts Clerk

Deputy Chief, Professional Standards

Attachments:

Appendix A – Council Resolution CR2012-800



CR2012-800.pdf

Department Head email: brobinson@kawarthalakes.ca

Department Head: Bryan Robinson, Director of Public Works

Department File: 2022-26-CQ