



Council Report

Report Number: PUR2025-003
Meeting Date: March 18, 2025
Title: Request for Quotation 2021-41-CQ Supply and Delivery of Single and Tandem Axle Trucks – Multi-Year
Author and Title: Marielle van Engelen, Buyer
Rodney Porter, Manager of Fleet and Transit Services

Recommendation(s):

That Report PUR2025-003, **Request for Quotation 2021-41-OQ Supply and Delivery of Single and Tandem Axle Trucks – Multi-Year**, be received;

That the additional financing required of \$305,588.00 for these projects be financed from the Fleet Reserve - Public Works (1.32070 A331184), as outlined in Table 1 of Report PUR2025-003; and

That Purchasing be authorized to issue a purchase order.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

At the Council Meeting of January 25, 2022, Council adopted the following resolution:

PUR2022-001

**Supply and Delivery of Several Single and Tandem Axle Plow Trucks
(Multi-Year Contract)**

Marielle van Engelen, Buyer

CR2022-009

That Report PUR2022-001, **Request for Quotation Supply and Delivery of Several Single and Tandem Axle Plow Trucks (Multi-Year Contract)**, be received;

That Winslow-Gerolamy Motors Limited be awarded Quotation 2021-41-CQ Supply and Delivery of Several Single and Tandem Axle Plow Trucks (Multi-Year Contract);

That Council authorize the option to renew the contract after the initial term, for three (3) additional one (1) year periods, based upon annual budget approval, mutual agreement of the pricing and successful completion of the initial term and each term thereafter;

That subject to receipt of the required documents, that the Mayor and Clerk be authorized to execute the agreement; and

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

Carried

This report addresses the additional financing required from the Fleet Reserve – Public Works. There has been a price increase from the 2024 and 2025 capital budget estimates for the tandem and single axle trucks since the award of this above procurement.

Rationale:

Staff recommend that the additional financing of \$305,588 for these projects be funded from the Fleet Reserve – Public Works (1.32070 A331184), as outlined in Table 1 under the “Financial Impacts” section, below.

Snow Plow Truck Procurement Challenges and Industry Trends

The procurement, manufacturing and assembly of plow trucks is complex and can at times, be time consuming. The City of Kawartha Lakes' (CKL) plow trucks are built to a specific municipal specification. Like other municipalities, CKL configures its plow units with many common components but incorporates slight variations to improve durability and performance. For example, CKL places the battery under the seat to prevent corrosion and early failure and wraps hydraulic hoses in plastic sheeting to reduce premature wear. These minor adjustments, developed over time with ongoing input from technicians, aid in extending the City's plow trucks lifespan and minimize repairs.

Production Delays and Improved Timelines

Prior to the pandemic, the typical order-to-delivery timeline for a plow truck ranged from 12 to 18 months. However, due to global supply chain disruptions, those timelines have significantly increased:

- **2022 Budgeted Trucks** – Purchase order issued February 2, 2022
 - **2 units outstanding** – Expected delivery: Spring 2025 (**38 months**)
- **2023 Budgeted Trucks** – Purchase order issued February 10, 2023
 - **6 units outstanding** – Expected delivery: Spring 2025 (**26 months**)

After a three-year cycle of delays, CKL has worked closely with its cab, chassis, and plow equipment up-fit vendor to restore delivery timelines. Starting with the 2024 and 2025 model years, trucks will return to a 12-18 month production cycle. Due to CKL's consistent and predictable purchasing, the City will now benefit from priority build slot selection.

Understanding the Root Causes of Delays

Initial delays were primarily caused by cab and chassis shortages resulting from pandemic-related supply chain issues and manufacturing capacity constraints. The truck builders had limited "build spots" for frames, and demand far exceeded production capacity. While cab and chassis availability has since stabilized, the bottleneck has shifted to plow equipment up-fitting, where vendors lack the capacity to keep up with demand.

Price Volatility and Procurement Challenges

Long production delays have led to unstable pricing. CKL must issue purchase orders to secure build slots, but the cab and chassis may not be produced for months. Until the unit is built and on the ground, it remains vulnerable to price fluctuations. Similarly, once the up-fitter orders required components, those parts are subject to price increases until they are received and installed.

Final price adjustments are negotiated annually once both the cab/chassis and up-fit components are secured. Over the last 3-5 years, price volatility has been unusually high, but price increases are starting to stabilize.

Key Factors Driving Price Increases in 2024 & 2025

Several industry-wide factors are contributing to rising plow truck costs:

1. **Inflation and Material Costs** – Increased costs for steel, aluminum, and hydraulic components have driven up vehicle pricing. Supply chain disruptions and global demand continue to impact material costs.
2. **Supply Chain Constraints** – Shortages of critical components, including chassis, electronics, and hydraulic systems, have raised procurement costs and extended manufacturing timelines.
3. **Labor and Manufacturing Costs** – Wage increases and labor shortages in the manufacturing and transportation sectors have added to production expenses.
4. **Regulatory Changes and Compliance Costs** – Stricter emissions regulations and evolving safety standards require manufacturers to upgrade vehicle components, increasing unit costs.
5. **Freight and Delivery Costs** – Rising fuel prices and transportation expenses have further contributed to overall price hikes.
6. **Increased Demand and Limited Production Capacity** – Municipal demand for snow removal equipment remains high, but manufacturers have limited production capacity, creating a seller's market and driving up prices.

These combined factors have led to significant cost increases for municipal snow plow trucks in 2024 and 2025. However, by securing priority build slots and working closely with vendors, CKL is mitigating further disruptions and stabilizing procurement timelines.

Potential Impacts of U.S. Trade Tariffs

Another critical factor that may influence procurement costs is the emplacement of trade tariffs by the United States. Tariffs on imported steel, aluminum, and electronic components could significantly raise the cost of plow truck manufacturing. Historically, tariffs on steel and aluminum have ranged from 10% to 25%, directly impacting the price of raw materials used in truck frames, plows, and hydraulic systems. Additionally, tariffs on electronic components, such as sensors and control modules, could increase overall costs by an estimated 5-10%.

For municipalities like CKL, these tariffs may result in higher procurement expenses, extended lead times, and potential budget adjustments. If tariffs remain in place or increase, manufacturers may pass these costs on to consumers, leading to additional

price hikes in future procurement cycles. Monitoring trade policies and working with vendors to secure pricing agreements in advance may aid to mitigate these financial impacts.

Other Alternatives Considered:

No other alternative is being considered since a competitive procurement process was conducted and awarded to the highest scoring proponent.

Alignment to Strategic Priorities

1. An Exceptional Quality of Life: Recommendations in this report support the efficient delivery of road operations and assists the general well-being of residents.
2. A Vibrant and Growing Economy: Recommendations in this report support effective road operations and service delivery to support the City.

Financial Impacts: Table 1

Financing for the purchase of plow trucks is included in the 2024 and 2025 Capital budgets:

GL Account	Budget	Other Committed Funds	Remaining Budget	Quotation	Payable HST	Total Price	Remaining Budget
994240211	\$354,000	\$0	\$354,000	\$381,901	\$6,722	\$388,623	\$(34,623)
994240212	\$1,473,000	\$0	\$1,473,000	\$1,593,712	\$28,050	\$1,621,762	\$(148,762)
994250210	\$1,905,000	\$0	\$1,905,000	\$1,992,140	\$35,063	\$2,027,203	\$(122,203)
Total	\$3,732,000	\$0	\$3,732,000	\$3,967,753	\$69,835	\$4,037,588	\$(305,588)

The additional financing required to complete procurement of the non-emergency fleet proposed for 2024 and 2025 is \$305,588.

Consultations:

Financial Coordinator
Treasurer
Director, Public Works
Supervisor, Procurement

Department Head email:

Department Head: Sara Beukeboom, Director or Corporate Services

Department File: 2021-41-CQ