



**CITY OF HAMILTON**  
**PUBLIC WORKS DEPARTMENT**  
**Corporate Assets and Strategic Planning Division**

<b>TO:</b>	Chair and Members Public Works Committee
<b>COMMITTEE DATE:</b>	September 19, 2016
<b>SUBJECT/REPORT NO:</b>	Standardization of Fleet Equipment and Parts (PW09074c) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Tom Kagianis Superintendent, Capital Planning & Contract Management 905-546-2424, Ext. 5105 Jack Sheen Manager, Central Fleet 905-546-2424, Ext. 4593
<b>SUBMITTED BY:</b>	Geoff Lupton Director, Energy, Fleet & Traffic Public Works
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the addition or removal of products, services and suppliers identified in Appendix A to Report PW09074c, be approved pursuant to Procurement Policy #14 – Standardization.
- (b) That the General Manager of Public Works or their designate be authorized to negotiate and enter into any agreements and execute the completion of associated documents for the items outlined in Appendix A to Report PW09074c, in a form satisfactory to the City Solicitor.

**EXECUTIVE SUMMARY**

The purpose of this report is to amend and update the Public Works, Central Fleet Sections list of approved standardized products, services and suppliers. Central Fleet's list of standardized products, services and suppliers is updated from time to time to reflect changes in the market and to ensure support for the City's current fleet of vehicles and equipment remains current and that additions and removals to the approved list are made in the City's best interest and in compliance with the City's Procurement Policy By-law (Procurement Policy #14 – Standardization). This standardization request is to update Central Fleet's previously approved report entitled Standardization of Fleet Equipment and Parts (PW09074b) which was approved by Council on September 10, 2014.

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Standardization for Central Fleet is recommended for products, services and suppliers when it:

- Increases operating proficiency of similar functioning vehicles and equipment.
- Reduces the requirement for training, diagnostic and repair times.
- Reduces downtime by ensuring supply sources for maintenance, repair and parts.
- Realizes financial and operational benefits of volume discounts and multi-year agreements by reducing quantity of approved brands.

The addition or removal of products, services and suppliers are identified in Appendix A of this report. Included in the appendix is the rationale and estimated average annual expenditure for each recommended product, service or supplier. The estimated average annual expenditure is based on current expenditures incurred over a two year period which includes adjustments for estimated future costs. The cost of items listed under the Recommended Products and Suppliers will fluctuate from year to year as expenditures are contingent on approved vehicle capital purchases.

In some cases the estimated average annual expenditure for approved items such as the Compu-Spread, Spreader Control Systems will be contingent on the quantity of snow plows that are scheduled for replacement in a calendar year.

***Alternatives for Consideration –See Page 3***

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: Appendix A – Recommended Products and Suppliers and adequate budget was approved in our current tax-supported budgets

Staffing: N/A

Legal: N/A

**HISTORICAL BACKGROUND**

Report PW09074b – Standardization of Fleet Equipment and Parts was approved by Council on September 10, 2014.

The size of the City's Central Fleet provides for excellent economies of scale resulting in greater buying power. The City can leverage that advantage by committing to standard components where City operating departments can realize familiar operating parameters, reduce training costs and allow Central Fleet to control inventory costs.

Establishing approved standards for products and services enables the City's Central Fleet section to reference the approved products and services in the applicable procurement document therefore successfully reducing the number of Policy 11 – Non Competitive Procurement request from 90 in 2009, 37 in 2011, 26 in 2012, 14 in 2013, 2 in 2014 and 5 in 2015.

Central Fleet's garage operation carries an inventory of parts and materials to expedite repair and maintenance operations. The inventory includes in excess of 8,000 stock

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*OUR Vision: To be the best place to raise a child and age successfully.*

*OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.*

*OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.*

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keeping units (SKU's) which can include numerous brands and manufacturers of the same component. By standardizing vehicles, equipment and parts, we can control the overall number of stock items.

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

Procurement Policy By-law Policy # 14 - Standardization, Procurement Policy 5.2 Request for Quotations, Policy 5.3 Request for Tenders, and Policy 5.4 Request for Proposals.

**RELEVANT CONSULTATION**

Procurement Manager, Financial Services, Corporate Services  
Manager of Arena Operations, Community & Emergency Services  
Manager of Roads & Maintenance, Public Works  
Manager of Waste Collections, Public Works

**ANALYSIS AND RATIONALE FOR RECOMMENDATION**

Recommendations for additions and removal of products and services as attached in Appendix A – Recommended Products and Suppliers are as a result of monitoring the market place, increased competition in the market place and single source suppliers for current and projected volume expenditures in excess of \$10,000.

Recommended standardized equipment and operating control systems will reduce mechanical repair training requirements, increase failure diagnostic efficiency and ensure maintenance, repair and operating materials are available through inventory or through established supply agreements.

Standardized equipment will support the efficient use of materials and maximize efficiency of equipment and wearable components as a result of familiar recommended operating parameters.

When the purchase of original equipment maintenance, repair and operating supplies is anticipated to exceed the threshold of Procurement Policy # 5.1 - Low Dollar Value Procurements, a recommendation to add original equipment suppliers to the standardization list will be requested.

Recommendations for amendments as attached in Appendix A – Recommended Products and Suppliers are to facilitate adding approved brand name items and single sourced vendors in Request for Quotations, Request for Tenders and Request for Proposals when procuring new vehicles and equipment as recommended through Procurement.

**ALTERNATIVES FOR CONSIDERATION**

The traditional approach to purchasing municipal goods and services has been to follow a competitive bidding process and award orders to the lowest cost bid that meets specifications. This results in a transparent process that is fair for all potential bidders

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by reducing the variable to focus on acquisition cost alone. This process has a number of adverse outcomes for complex systems like the fleet.

The overall cost of ownership for a certain type of equipment, for example a street sweeper, can vary greatly due to the amount of maintenance required, the quality and supply of parts, and the degree of effort needed by operators and repair technicians to work with the street sweeper. Poor quality equipment impairs the system's ability to operate efficiently. It will be out-of-service more often and put the delivery of municipal services at risk. The City will also recover less money on disposal raising its total vehicle or equipment ownership cost. It may also affect the use of resources like fuel, insurance and training of staff.

**ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

**Healthy and Safe Communities**

*Hamilton is a safe and supportive city where people are active, healthy, and have a high quality of life.*

**Clean and Green**

*Hamilton is environmentally sustainable with a healthy balance of natural and urban spaces.*

**Our People and Performance**

*Hamiltonians have a high level of trust and confidence in their City government.*

**APPENDICES AND SCHEDULES ATTACHED**

Appendix A – Recommended Products and Suppliers

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