



CITY OF HAMILTON
PUBLIC WORKS DEPARTMENT
Energy, Fleet & Facilities Management Division

TO:	Chair and Members Public Works Committee
COMMITTEE DATE:	March 19, 2018
SUBJECT/REPORT NO:	Standardization of Fleet Equipment and Parts (PW09074d) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Tom Kagianis (905) 546-2424, Extension 5105 Jack Sheen (905) 546-2424 Extension 4593
SUBMITTED BY:	Rom D'Angelo, C.E.T.; CFM Director, Energy, Fleet and Facilities Management Public Works
SIGNATURE:	

RECOMMENDATION

- (a) That the standardization of the products, services and suppliers identified in Appendix A to Report PW09074d, 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 PW09074d, in a form satisfactory to the City Solicitor.
- (c) That the General Manager of Public Works, or their designate, be authorized to amend any Contracts executed and any ancillary documents as required in the event that a supplier identified in Appendix A to Report PW09074d undergoes a name change.

EXECUTIVE SUMMARY

The purpose of this report is to amend and update the Public Works, Fleet Services Sections list of approved standardized products, services and suppliers. Fleet Service'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

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

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standardization request is to update Fleet Service's previously approved report entitled Standardization of Fleet Equipment and Parts (PW09074c) which was approved by Council on September 19, 2016.

Standardization for Fleet Services 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, the anticipated expiry 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.

The expiry is based on the term of a current contract and the anticipated useful life of the vehicle or equipment that requires the named parts and service. For example, our current snow plow truck contract expires in 2019 and the anticipated useful life of the vehicle is 12 years therefore the standardization approval for Viking plow components and Freightliner original equipment parts will be required until 2032.

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 4

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Purchases of the Fleet Equipment Parts and Services as listed on Appendix A Recommended Products and Suppliers 2018 are funded through Fleet Services operating budget and annual capital budget projects for Fleet Vehicle & Equipment Replacements

Estimated annual expenditures forecasted are \$3,182,000.00. Expenditures are based on historical purchases for parts and services and projected expenses for scheduled fleet vehicle replacements.

Actual dollars spent are contingent on several factors which include the following four elements. Council approved annual capital budget projects for Fleet Vehicle & Equipment Replacements, unscheduled vehicle and

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equipment breakdowns, and a small portion to include speciality tooling or rejection of warranty coverage by vehicle and equipment dealers.

Staffing: Not Applicable

Legal: Not Applicable

HISTORICAL BACKGROUND

Report PW09074c – Standardization of Fleet Equipment and Parts which was approved by Council on September 19, 2016.

The size of the City's 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 Fleet Services to control inventory costs.

Establishing approved standards for products and services enables the City's Fleet Services 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 to 20 in 2017.

Fleet Services garage operation carries an inventory of parts and materials to expedite repair and maintenance operations. The inventory includes more than 7500 stock keeping units (SKU's) which can include numerous brands and manufactures. 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

The following Departments / Divisions / Sections have reviewed and contributed to this Report:

Procurement Manager, Financial Services, Corporate Services

To confirm content, terms and expenditures have been included and in a form consistent with other standardization reports satisfactory and in compliance with the Procurement By-Law

Manager of Arena Operations, Community & Emergency Services

Confirmed that the following items listed in Appendix A Recommended Products and Suppliers continue to be relevant and accurate with regard to content.

- Zamboni

Manager of Roads & Maintenance, Public Works

Confirmed that the following items listed in Appendix A Recommended Products and Suppliers continue to be relevant and accurate with regard to content.

- Compuspread
- Tymco Sweepers

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The attached Appendix A – Recommended Products and Suppliers has been revised with additions and removal of products and services from the previous approved report (PW09074c) as 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 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 also recovers 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. In consideration of these alternatives, Appendix A – Recommended Products and Suppliers is proposed.

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