



CITY OF HAMILTON
PUBLIC WORKS DEPARTMENT
Environmental Services Division

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| TO: | Chair and Members Public Works Committee |
| COMMITTEE DATE: | April 16, 2018 |
| SUBJECT/REPORT NO: | Small Equipment Manufacturer's Standardization Renewal (PW18028) - (City Wide) |
| WARD(S) AFFECTED: | City Wide |
| PREPARED BY: | Angela Storey (905) 546-2424, Extension 6483 Shaun Williams (905) 546-2424, Extension 7640 |
| SUBMITTED BY: | Craig Murdoch, B. Sc., Director, Environmental Services Division Public Works |
| SIGNATURE: | |

RECOMMENDATION

- (a) That a five-year extension for “Stihl” equipment as a manufacturer’s standard for the purchase of string and hedge trimmers, chainsaws, leaf blowers, multi-purpose “Kombi” system engines and attachments, and other commercial grade small equipment for the Public Works Department be approved;
- (b) That a five-year extension for “Honda” equipment as a manufacturer’s standard for the purchase of walk behind lawnmowers, generators, water pumps, and engine components for lawn edgers, aerating equipment, roto-tillers, compactors, debris loaders, walk-behind leaf blowers, and other commercial grade small equipment for the Public Works Department be approved;
- (c) That staff be authorized to negotiate “accounts” based on standard government pricing for the supply of equipment, repair and maintenance service with “Stihl” and “Honda” manufacturers and/or licensed distributors of the approved equipment standards.

EXECUTIVE SUMMARY

This report proposes to extend the approval of “Stihl” and “Honda” manufacturers as the City’s standard for small equipment used by the Public Works Department for a five-

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year period. These equipment manufacturers were approved as the City's standard as part of Report PW08029 in 2008 and again in report PW08029a in 2013, following the City's Procurement Policy #14 - Standardization. Small equipment includes products containing engines such as lawnmowers, trimmers, leaf blowers, roto-tillers, etc. There is a diverse market for small equipment suppliers which offer products of varying quality and pricing. The use of the City's Procurement Policy #14 - Standardization helps the City to target certain products which best suit the City's operational requirements.

Stihl and Honda products are currently being used successfully among several groups in the Public Works Department including the Parks & Cemeteries Section, Forestry & Horticulture Section within Environmental Services Division and the Roads & Maintenance Section within the Roads and Traffic Division. Extending the City's manufacturer standard for the use of Stihl and Honda small equipment will allow staff to continue to provide services in an efficient manner. In addition, purchasing high quality equipment has lower maintenance costs and a higher reliability which leads to fewer equipment problems in the field.

Alternatives for Consideration – See Page 5

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Small equipment is purchased through the annual small equipment reserve capital account. Small equipment repairs are funded from various accounts in the annual operating budgets for the Environmental Services Division and the Roads & Traffic Division.

Staffing: There are no staffing implications related to the recommendations made in this report.

Legal: There are no legal issues related to the recommendations made in this report.

HISTORICAL BACKGROUND

Council approved Stihl and Honda as the City's small equipment standards for the Public Works Department in 2008 through Report PW08029 and again in 2013 through Report PW08029a. Stihl is the approved standard for string and hedge trimmers, chainsaws, leaf blowers and multi-purpose "Kombi" system engines and attachments. Honda is the approved standard for the purchase of walk behind lawnmowers, generators, water pumps, and engine components for lawn edgers, aerating equipment, roto-tillers, compactors, debris loaders, and walk-behind leaf blowers.

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Small equipment is primarily used by the Environmental Services Division (Parks & Cemeteries Section, Forestry & Horticulture Section) and the Roads & Traffic Division (Roads & Maintenance Section). Collectively, these two Divisions have approximately 1500 pieces of small equipment in their inventory, of which 80% is comprised of Stihl and Honda products. Good-quality small equipment is essential to provide the City's programs in a cost-effective manner. In addition, purchasing high quality equipment has lower maintenance costs and a higher reliability which leads to fewer equipment problems in the field.

The City has processes in place for small equipment repair, inventory control, and equipment acquisition. Trained staff perform minor equipment repair such as replacing filters or sparkplugs. Approved external repair vendors are used for major repairs and service / warranty work. Equipment acquisition is ordered from the City's approved list of vendors, with the objective of distributing the equipment orders amongst all of the vendors. These vendors are licensed distributors for Stihl and Honda equipment and they offer government pricing for the small equipment. When required, quotes are used for purchases greater than \$10,000 among the approved equipment distributors in the event that these vendors have varying prices for the required product(s).

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The information contained in this report is affected by the City's Procurement Policy By-Law No. 17-064, Policy #14 - Standardization. This policy states that equipment standards may be approved by Council or by the Standards and Approved Products Committee.

RELEVANT CONSULTATION

Staff contacted other municipalities to obtain information on best practices on small equipment standards. A copy of the survey results is outlined in Appendix "A" attached to Report PW18028. Based on the feedback, Stihl and Honda equipment is commonly used and preferred in other municipalities and the Hamilton Conservation Authority.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The City adopted Procurement Policy #14 - Standardization for the small equipment acquisition so that the City has reliable equipment for its operations and to reduce operating costs. The Environmental Services Division and Roads & Traffic Division use similar types of small equipment for their operations and equipment purchases are completed in a collective manner. Equipment standardization allows the City to obtain the same brand of commercial quality equipment for its operations.

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There are several benefits with equipment standardization:

- Effective services - The use of dependable equipment will provide cost savings through reduced break-down periods as a result of having more up-time in the field. In addition, by purchasing a standard model of equipment users will all have the same training and fleet staff will all use the same parts when it requires service.
- Administration - Standardization allows staff to streamline the time requirements for equipment procurement, inventory maintenance, and stocking supplies.
- Financial - The City has “government” pricing with several vendors of the approved products.

Product Quality

As part of this report staff completed a review of various small equipment brands in order to determine suitable products for the City’s use. Stihl and Honda were selected for the City’s operations since these manufacturers are considered to be industry leaders in the small equipment field. These manufacturers are preferred by local equipment rental agencies and by other municipalities/conservation authorities. Since approving the Standardization Policy first in 2008 and again in 2013, staff have continued to review new trends in the small equipment field at trade shows and demonstrations and found that Stihl and Honda still offer the most suitable products for the City. Staff contacted other municipalities to obtain information on best practices on small equipment standards. Based on the feedback, Stihl and Honda equipment is commonly used and preferred in other municipalities and by the Hamilton Conservation Authority. Continuation with Stihl and Honda products over the next five years will allow the City to have reliable, low maintenance equipment for its programs.

The Standardization Policy is important for the on-going maintenance requirements for small equipment. Stihl and Honda have local authorized repair facilities, geographically convenient to our staffed locations, which offer prompt repair services to minimize equipment downtime. By having standardized equipment, it is easier to maintain the City’s stock of repair parts, which in turn will streamline the City’s repair and maintenance workload over the next five years. Replacement parts such as guards, filters, and sparkplugs are readily available for these equipment manufacturers. Equipment standardization helps to simplify the City’s inventory control process for spare parts. The City’s yards have replacement parts on hand for minor repairs completed by staff.

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Small Equipment Administration

The City currently has accounts with four licensed distributors to supply Stihl and Honda products and these distributors are approved equipment repair facilities. Since adopting the Standardization Policy, staff has used best efforts to order products and utilize the services from these dealers in an equitable manner. The vendors offer consistent government pricing for the purchase of equipment. Occasionally, staff will issue quotes for unique products in the event that there is variability in the pricing for a particular product.

Standardized equipment is important with respect to worker health and safety requirements. Each staff member who needs to operate small equipment for their work duties must complete mandatory safety training so that they can operate the equipment in a safe manner. It is simpler to facilitate the equipment training by having consistent equipment brands.

ALTERNATIVES FOR CONSIDERATION

As an alternative to extending the current equipment standards, staff may initiate the procurement process to set up a new contract to purchase small equipment. The procurement process would allow the City to obtain pricing from vendors based on the City's specifications. Through the Tender process, the City would be required to purchase the lowest priced equipment based on the bids received. In this case, the City may run the risk of having to purchase low-cost substandard (non-commercial grade) equipment. This in turn creates several challenges including:

- Work inefficiencies - Substandard equipment will increase the likelihood of equipment breakdown which will impact staff productivity.
- Financial costs - There is a possibility of increased financial risk associated with equipment breakdowns, increased repair costs, and higher inventory costs for stocking additional parts.

Staff will continue to monitor market trends in the small equipment field so that the City is current on equipment standards.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Built Environment and Infrastructure

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Our People and Performance

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APPENDICES AND SCHEDULES ATTACHED

Appendix A: Municipal Scan – Small Equipment

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