



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

<b>TO:</b>	Chair and Members Public Works Committee
<b>COMMITTEE DATE:</b>	February 21, 2020
<b>SUBJECT/REPORT NO:</b>	Standardization of Fleet Equipment and Parts (PW09074(e)) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Tom Kagianis (905) 546-2424 Ext. 5105 Jack Sheen (905) 546-2424 Ext. 4593
<b>SUBMITTED BY:</b>	Rom D'Angelo, C.E.T.; CFM Director, Energy, Fleet and Facilities Management Public Works Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the standardization of the products, services, manufacturers and suppliers identified in Appendix "A" to Report (PW09074(e)), 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 (PW09074(e)), 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 manufacturer or supplier identified in Appendix "A" to Report (PW09074(e)) undergoes a name change.

**EXECUTIVE SUMMARY**

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

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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 Fleet Service's previously approved report entitled Standardization of Fleet Equipment and Parts (PW09074(d)) which was approved by Council on March 28, 2018.

Standardization for Fleet Services is recommended for products, services, manufacturers 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, manufacturers and suppliers are identified in Appendix "A" to Report (PW09074(e)) of this report. Included in the appendix is the rationale, the and estimated average annual expenditure for each recommended product, service, manufacturer 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.

It is recognized that the standardization report is approved annually however in the interest of full disclosure it is the intention of Fleet Services to continue to request Committee and Council's approval for standardization of Original Parts and Service annually for the anticipated useful life of the equipment category.

For example, our snow plow trucks anticipated useful life is 11 years therefore the standardization approval for Viking plow components and Freightliner original equipment parts will be requested annually until 2031.

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 5**

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: Purchases of the Fleet Equipment Parts and Services as listed on Appendix “A” to Report (PW09074(e)), Recommended Products and Suppliers are funded through Fleet Services operating budget and annual capital budget projects for Fleet Vehicle & Equipment Replacements.

Estimated annual expenditures forecasted are \$2,557,000.00. 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 equipment breakdowns, and a small portion to include speciality tooling or rejection of warranty coverage by vehicle and equipment dealers.

Staffing: Fleet Services staff resources will work with Procurement and Legal Services staff to establish contractual agreements with approved standarddardized vendors. Development of template documents will reduce administrative costs.

Legal: Where applicable Fleet Services will work with Legal Services to ensure all contracts shall be in a form satisfactory to the City Solicitor.

**HISTORICAL BACKGROUND**

Report PW09074d – Standardization of Fleet Equipment and Parts which was approved by Council on March 28, 2018.

The size of the City’s Fleet of vehicles and equipment provides for excellent economies of scale resulting in greater buying power. By committing to standard components, the City’s operating departments can realize familiar operating parameters, reduce training costs and allows 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 15 in 2018.

Fleet Services garage operation carries an inventory of parts and materials to expedite repair and maintenance operations. The inventory includes more than 7900 stock keeping units (SKU's) which can include numerous brands and manufacturers. By standardizing vehicles, equipment and parts, staff 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 Section, 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 Roads & Maintenance, Public Works

Confirmed that the following items listed in Appendix "A" to Report (PW09074(e)) - Recommended Products and Suppliers continue to be relevant and accurate with regard to content:

- Compuspread;
- Tymco Sweepers.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)**

The attached Appendix "A" to Report (PW09074(e)) – Recommended Products and Suppliers has been revised with additions and removal of products and services from the previous approved report (PW09074(d)). Additions and removals are based on recommended single source suppliers of products and services that are projected to exceed \$9,999.99.

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” to Report (PW09074(e)) – 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 required under the Procurement Policy recommended through Procurement.

## **ALTERNATIVES FOR CONSIDERATION**

Revert to submitting Policy 11 requests. This approach was used prior to submitting a request for standardization. The requirement for individual policy 11 requests with supporting documentation makes the standardization report option a better use of staff time and resources while accomplishing the same result.

Sourcing original equipment parts and service through a contracted third-party vendor. This could have a higher cost impact to the city as contracted vendors could have a higher cost and would add a mark-up to the invoice.

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

### **Community Engagement and Participation**

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

### **Economic Prosperity and Growth**

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

### **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.

**Built Environment and Infrastructure**

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

**Culture and Diversity**

Hamilton is a thriving, vibrant place for arts, culture, and heritage where diversity and inclusivity are embraced and celebrated.

**Our People and Performance**

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

**APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” to Report PW09074(e) – Recommended Products and Suppliers