




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

TO:	Chair and Members Public Works Committee
COMMITTEE DATE:	March 22, 2021
SUBJECT/REPORT NO:	Standardization of Fleet Equipment and Parts and Single Source Suppliers (PW09074(e)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Lesley Parker (905)546-2424 Ext. 5210 Tom Kagianis (905) 546-2424 Ext. 5105
SUBMITTED BY:	Rom D'Angelo, C.E.T.; CFM Director, Energy, Fleet and Facilities Management Public Works Department
SIGNATURE:	

RECOMMENDATION

- (a) That the standardization of the products, services, manufacturers and suppliers identified in Appendix "A" attached to Report PW09074(e) – Standardized Products and Suppliers, be approved pursuant to Procurement Policy #14 – Standardization;
- (b) That the single source of original equipment suppliers and distributors with territorial rights in Appendix "B" attached to Report PW09074(e) – Single Source Suppliers, be approved pursuant to Procurement Policy #11- Non-competitive Procurements;
- (c) 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" and Appendix "B" attached to Report PW09074(e), in a form satisfactory to the City Solicitor; and
- (d) 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" and Appendix "B" attached to Report PW09074(e) undergoes a name change.

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.

EXECUTIVE SUMMARY

The purpose of this standardization report is to help contribute to improving operational readiness for users of fleet vehicles and equipment and to give Fleet Services the ability to efficiently respond to vehicle and equipment services and repairs. The details contained in this report identify the areas where:

- the industry requires the City to use a single source vendor where a manufacturer has given a dealer exclusive rights within a prescribed geographical territory;
- it is in the City's best interest to use a standardized product.

Fleet Service's list of, standardized products, services and suppliers is updated to reflect changes in the market, changes to the variety of city fleet vehicle manufacturers and to ensure vendors with territorial rights agreements for supply of repair parts and services for the City's current fleet of vehicles and equipment remains current. Additions and removals to the approved lists are made in the City's best interest and in compliance with the City's Procurement Policy By-law (Procurement Policy #11- Non-competitive Procurements and Policy #14 – Standardization).

This 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.

Appendix "A" attached to Report PW09074(e) PW – Standardized Products and Suppliers 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;
- Decreases inventory and risk of obsolete inventory.

Included in the Appendix "A" attached to Report PW09074(e) – Standardized Products and Suppliers is the rationale, the estimated average annual expenditure for each recommendation. 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 Appendix "A" attached to Report PW09074(e) – Standardized Products and Suppliers will fluctuate from year to year as expenditures are contingent on approved vehicle capital purchases.

SUBJECT: Standardization of Fleet Equipment and Parts and Single Source Suppliers (PW09074(e)) (City Wide) - Page 3 of 6

Appendix “B” attached to Report PW09074(e) – Single Source Suppliers recommended for manufacturers and suppliers where territorial rights letters are provided from the OEM (original equipment manufacturer), indicating that a named vendor is the only vendor authorized to sell original equipment parts as well as provide service to equipment owners. Annual review completed to identify which products, services, manufacturers and suppliers are still applicable to ensure compliancy to this report.

Alternatives for Consideration – See Page 6

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

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

Estimated annual expenditures forecasted are \$1,775,000.00. 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.

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;
- scheduled and unscheduled vehicle and equipment breakdowns;
- 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 standardized and single source vendors. Development of template documents will reduce administrative costs.

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

HISTORICAL BACKGROUND

Report PW09074(d) – Standardization of Fleet Equipment and Parts which was approved by Council on March 28, 2018.

The attached Appendix “B” to Report PW09074(e) has been added to segregate the Single Source Suppliers where territorial letters are provided from the OEM (original equipment manufacturer).

In previous versions of this report these vendors were listed in Appendix “A” – Standardized Products and Suppliers as the closest applied method of approval in the Procurement By-Law.

For further clarity they are now included in Appendix “B” to Report PW09074(e) as Single Source Suppliers.

Fleet staff have confirmed this arrangement with territorial rights letters provided from the manufacturer.

The size of the City’s Fleet of vehicles and equipment provides for excellent economies of scale resulting in greater buying power for the items listed under Appendix “A” – Standardized Products and Suppliers. 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 requests from 90 in 2009, 15 in 2018 to 4 in 2019.

Fleet Services maintenance operations carries an inventory of parts and materials to expedite repair of city owned vehicles and equipment. The inventory includes more than 7,900 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, Policy 11- Non-Competitive Procurements, 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 Roadway Maintenance, Public Works confirmed that the following items listed in Appendix "A" attached to Report PW09074(e) – Standardized Products and Suppliers and Appendix "B" attached to Report PW09074(e) – Single Source 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) – Standardized Products and Suppliers and Appendix "B" to Report PW09074(e) – Single Source Suppliers includes products and services that are projected to exceed \$9,999.99.

Recommended standardized equipment 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.

Recommendations for amendments as attached in Appendix" A" to Report PW09074(e) – Standardized Products 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;
- Decreases inventory and risk of obsolete inventory.

SUBJECT: Standardization of Fleet Equipment and Parts and Single Source Suppliers (PW09074(e)) (City Wide) - Page 6 of 6

Recommendations for amendments as attached in Appendix “B” to Report PW09074(e) – Single Source Suppliers will be requested to add original equipment manufacturers (OEM) where territorial rights letters are provided from the OEM, indicating that a named vendor is the only vendor authorized to sell OEM parts as well as provide service to equipment owners.

Many fleet industry suppliers institute a dealer/manufacturer business arrangement whereby the manufacturer will give a dealer exclusive rights within a prescribed geographical territory to sell and/or service the manufacturers vehicles and equipment as well as provide manufacturer approved replacement parts and service.

ALTERNATIVES FOR CONSIDERATION

Revert to submitting Policy 11 requests. This approach was used prior to submitting a request for single source or standardization, resulting in operational delays and lack of efficiencies due to Policy 11 approval process. 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 OEM 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.

Use contracted vendors and risk loss of warranty coverage.

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” to Report PW09074(e) - Standardized Products and Suppliers

Appendix “B” to Report PW09074(e) – Single Source Suppliers