

INFORMATION REPORT

TO: Chair and Members Audit, Finance & Administration Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: June 8, 2011	
SUBJECT/REPORT NO: Central Fleet Repair and Maintenance Contracts (PW11043) - (City Wide) (Outstanding Business List - Sergio De Feo, of De Feo's Auto Service, respecting the Tender Process)	
SUBMITTED BY: Geoff Rae, MBA, P.Eng. Acting General Manager Public Works Department	PREPARED BY: Chris Hill Manager of Central Fleet 905-546-2424 ext. 4593
SIGNATURE:	

Council Direction:

Following the meeting of City Council on February 23, 2011, staff was directed to follow up on a recommendation in Audit and Administration Committee Report 11-002, '(i)Sergio De Feo, of De Feo's Auto Service, respecting the award of two tenders: Tender C12-05-10, Provision of Various Heavy Duty Truck and Equipment Services for Fleet Services; and, Tender C12-06-09, Provision of Various Car and Light Duty Truck Auto Services for Central Fleet and Transit Services (Item 6.1)' and report back to the Audit, Finance and Administration Committee.

Information:

The Central Fleet section of the Public Works Department provides mechanical repair and maintenance services for the City's fleet at garages located at seven Public Works yards and two municipal golf courses. The resources of the Central Fleet section are limited and about 25% of repair work is sent to commercial garages so that vehicles are returned to service as quickly as possible.

Central Fleet received authorization for procurement of outside repair services through Policy 11 Requests approved by the Procurement Section at the beginning of every year. This arrangement was an administrative burden for both Central Fleet and Procurement so specifications were created to complete a competitive bid process. The Procurement Section issued a Request for Tender for Contract C12-06-09 Car and Light Duty Truck Services in 2010 and awarded the contract to several different vendors covering five geographical parts of the City. This expired in February 2011. It also issued Request for Tender C12-05-10 Heavy Duty Truck Services and awarded it to two

vendors. This was a one-year contract that expires at the end of July 2011 and will be extended at the option of the City.

In preparation for the re-issue of the contract for Car and Light Duty Truck Services, Central Fleet section and Procurement section staff met with eight vendors on April 8, 2011 including successful and unsuccessful bidders:

Sergio De Feo, DeFeo's Auto Service Limited

Luigi Cino, Cino Auto Repair Inc.

Manny Carvalho, MC Automotive Ltd.

Ralph Pagliuso, Barton Truck Centre Ltd.

Fred Dath, Putney's Brake & Alignment Service

Domenic Sicilia, Domenic's Olco Auto Tech

Claudio Balice, Cosimo's Garage Ltd.

Sam Cino, JMC Automotive Centre

The following discussion items were addressed at the meeting and staff is taking the direction indicated below.

Parts

The recommendation to have the City procure and supply parts to the external vendors (usually called an "owner parts supply agreement") is successfully used by Hamilton Police Services and other municipal fleets including Seattle and Chicago.

The City's volume consumption of parts is considerably larger than any other single vendor and prices are correspondingly more favourable. Central Fleet has a greater ability to audit pricing and quality of parts in this type of agreement. The strategy to implement this agreement requires a comprehensive supply agreement under a City contract with multiple vendors to avoid delays in completing work orders.

Number of Vendors

The current contract divides the car and light-duty truck fleet into five geographic districts. The work can be accommodated by a single vendor in each of three districts, one near the Central Garage on Wentworth Street North, one to serve the eastern and southern part of the City, and one to serve the western and north-western part of the City. This would increase competition and although some vehicles would need to be transported for service over longer distances the cost of this is negligible.

Licenses and Qualifications

The current contract included a mandatory requirement that each vendor be a Drive Clean Test and Repair facility to perform engine exhaust emission testing. A larger part of our fleet is now exempt from the requirement to be tested as the regulation has been changed to include vehicles that are seven years old or older (previously it was five years). Sub-letting emission testing is acceptable to the Central Fleet section.

Contract Term

As we are making changes to the agreement it is recommended that the contract be awarded for a one-year term to see if this improves the process. One additional two-year extension will be offered and exercised at the City's sole discretion if there are no significant financial or operational issues with the new contract.