

CITY OF HAMILTON

PUBLIC WORKS DEPARTMENT
Transportation, Energy & Facilities Division

TO: Chairs and Members Public Works Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: June 4, 2012	
SUBJECT/REPORT NO: Standardization of Fleet Equipment and Parts (PW09074a) - (City Wide)	
SUBMITTED BY: John Mater, C.E.T. Acting General Manager Public Works Department	PREPARED BY: Lyle Stedman Manager, Central Fleet (905) 546-2424, Extension 4593
SIGNATURE:	

RECOMMENDATION

- (a) That the products identified in Appendix A to Report PW09074a, be approved as a standard in accordance with the City's Procurement Policy #14 - Standardization;
- (b) That the original equipment products and service and their respective single source suppliers identified in Appendix B to Report PW09074a, be approved, in accordance with the City's Procurement Policy #14 - Standardization;
- (c) That the General Manager of Public Works or his delegate be authorized to negotiate a house account with each vendor.

EXECUTIVE SUMMARY

The City's Central Fleet as of the end of 2011 services 1,372 vehicles and equipment units. The 2012 budget to service and maintain these vehicles and equipment is \$5.0 million. Parts for the repair and maintenance of this equipment are budgeted at \$1.3 million.

Central Fleet processed 13,674 work orders for internal and external services to repair vehicles and equipment. Fleet also issued over 30,000 parts in 2011 for direct vehicle repairs.

The supplier base Central Fleet uses is also complex and uses various supply chain strategies to have Supply of Parts and Services available to their customers. This includes exclusive distribution rights to geographical areas and levels of pricing

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according to whether the buyer has redistribution rights, is a service provider or is an end user.

Our fleet size brings excellent economies of scale resulting in greater buying power. We can leverage that advantage by committing to standard components where city operating departments can realize familiar operating parameters, reduce training costs and allow Central Fleet to control inventory costs.

Central Fleet continues to seek methods to reduce staff time in the preparation of documents while ensuring compliance with the Procurement Policy By-Law 11-297 and to provide safe, reliable and available equipment and vehicles. By following Procurement Policy 5.2 Request for Quotations and Policy 5.3 Request for Tenders, Central Fleet has successfully reduced the number of Policy 11 documents from 90 in 2009 to 37 in 2011.

Procurement Policy #14 provides guidelines for standardization. Standardization is a management decision-making process that examines a specific common need or requirement and then selects a good and/or service that best fills that need to become the standard. Where multiple sources are available for a standardized part or equipment the applicable procurement document will be issued for competitive bids.

Through a variety of sources including trade shows, periodicals, other municipalities, sales representatives and Fleet industry organizations the market place will be monitored for new industry practices and suppliers to ensure the recommended brands and sources of supply contained in the report remains current and in the city's best interest and in compliance with current applicable policy.

Alternatives for Consideration - See Page 4

FINANCIAL / STAFFING / LEGAL IMPLICATIONS

Financial:

Appendix A - Single Source Parts

Appendix B - Original Equipment Supply of Product or Parts and Service

Adequate budget was approved for this operation in our 2012 tax-supported operating budget.

Staffing: Standardization will improve efficiencies by reducing the time to produce, issue, track and approve multiple Policy 11s, parts supply tenders and new unit tenders.

Legal: N/A

HISTORICAL BACKGROUND

The City's Central Fleet as of the end of 2011 services 1,372 vehicles and equipment units. The 2012 budget to service and maintain these vehicles and equipment is \$5.5 million. Parts supply for the repair and maintenance of this equipment is budgeted at \$1.4 million.

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The fleet garage operation carries an inventory of parts and materials to expedite repair and maintenance operations. The inventory includes in excess of 8000 “stock keeping units” or SKUs which can include numerous brands and manufacturers of the same component. By standardizing vehicles, equipment and parts, it may be possible to reduce the number of SKUs.

A straightforward and equitable process must be in place to ensure that all of these 8000 SKU’s are the most cost effective and reliable products available. Standardizing on known reliable brands will prevent inferior components from infiltrating the inventory and disrupting reliability.

POLICY IMPLICATIONS

The City of Hamilton Procurement Policy #14 - Standardization,

This agreement aligns with the Public Works strategic plan by ensuring that equipment is maintained and completes its expected lifecycle, and costs are kept to a minimum.

Notwithstanding the recommendations in this report, new products introduced in the market will continue to be evaluated by City staff.

RELEVANT CONSULTATION

Procurement was consulted in the preparation of this report.

Central Fleet has consulted with the user departments of the vehicles and equipment for their input and comment on the recommended standardization.

ANALYSIS / RATIONALE FOR RECOMMENDATION

The selection of new fleet vehicles and parts to replace existing equipment or components that has reached the end of its economical service life has been given considerable attention. Management seeks to improve the efficiency and productivity of operations and create a positive work environment. Front-line employees who use the equipment know from experience what kinds of equipment are best suited for work, including those aspects which maintain an ease of operation, stable functionality and acceptable health and safety standard. Providing components where questionable reliability, unfamiliarity of new technology and concern for failures may otherwise distract staff from performing safe work or executing safe driving duties supports the need for the standardization of supply of goods noted in the related Appendices.

A previous report (Standardization of Fleet Equipment and Parts (PW09074) – (City Wide)) was submitted and approved at the meeting of the Public Works Committee on September 15, 2009. Council has previously given approval to standardize the procurement of ice resurfacers from Zamboni, aluminum dump bodies for salter/sander combination trucks, street sweepers and ambulances. None of these have resulted in adverse outcomes for the City, and have improved our expertise in maintaining equipment reliability and in-service time.

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A similar request for standardization from HSR was submitted as PW09064 and approved by council in June 2009

ALTERNATIVES FOR CONSIDERATION

A traditional approach to purchasing municipal goods and services is 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 variables to focus on acquisition cost alone. For reasons outlined in this report following that process is not recommended.

In some cases, this process can have adverse outcomes for complex systems like the fleet. The overall cost of ownership for a certain type of equipment can vary greatly due to the amount of maintenance required and in the quality and supply of parts. Inferior equipment or poorly manufactured parts impairs a unit's ability to operate efficiently. It will be out-of-service more often and put the delivery of municipal services at risk of failure. It will recover less money on disposal, raising the total cost of ownership. It may also affect the use of resources like fuel, insurance and training of staff.

CORPORATE STRATEGIC PLAN

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

Skilled, Innovative & Respectful Organization

- A culture of excellence
- More innovation, greater teamwork, better client focus
- An enabling work environment – respectful culture, well-being and safety, effective communication.
- Opportunity for employee input in management decision making

Financial Sustainability

- Financially Sustainable City by 2020
- Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner

Environmental Stewardship

- Aspiring to the highest environmental standards

APPENDICES / SCHEDULES

Appendix A - Single source Parts.

Appendix B - Original Equipment (OE) Supply of Product or Parts and Service

Single Source Parts

Equipment Category	Recommended Supplier	Rationale	2011 Expenditures	2012 Estimated Expenditures	2013 Projected Expenditures
SWS LED Strobe Lights	Quotes will be obtained	Compatible with existing stock	\$13,524	\$14,000	\$14,000
SWS LED Strobe Lights: Currently in wide spread use in the City's fleet. Units are compatible with existing operation and ongoing standardization will prevent inventory expansion and control costs.					
GROTE Back up Alarms, Trailer Plugs, Lighting & Wiring	Quotes will be obtained	Compatible with existing stock	\$22,837	\$23,000	\$23,000
GROTE Back up Alarms, Trailer Plugs and Lighting & Wiring: Currently in wide spread use in the City's fleet. Units are compatible with existing operation and standardization will prevent inventory expansion and control costs.					
Groenveld Auto Lube System	Quotes will be obtained	Compatible with existing stock	\$29,500	\$30,000	\$30,000
Auto Lube System: We currently have approximately 100 units on our fleet of salt/sander and other equipment. Other systems are available but each system requires its own unique grease to maintain warranty. Standardization here will prevent having additional lubricant storage containers and eliminate the costs associated with increased inventory, environmental handling costs and loss of warranty due to cross contamination.					
Jib Cranes	Quotes will be obtained	Compatible with existing stock	\$55,700	\$56,000	\$56,000
Jib Cranes: Econotron II jib cranes are the current product widely used on the City fleet. Standardization matches current models in use on the City fleet. System design & operation is a current familiarity and would prevent additional training, inventory and installation/repair costs.					

**Original Equipment (OE) Supply of Product or Parts and Service
Single Source Product and/or Supply**

Equipment Category	Recommended Supplier	Rationale	2011 Expenditures	2012 Estimated Expenditures	2013 Projected Expenditures
Trackless Municipal Tractors	Work Equipment Ltd. (Sales division of Trackless Manufacturing)	Supply of OE specific parts	\$25,000	\$25,000	\$25,000
Trackless Municipal Tractors: There are currently 7 Trackless devices in the City fleet that require manufacturer's specific parts. These units are predominately municipal purchases so the parts distribution is non-existent. Some generic parts are can be had and are covered under a supply tender however specific parts can only be had from the manufacturer. Work Equipment Ltd. Is the Sales arm of Trackless Manufacturing and does not sell its service, equipment or parts through dealers.					
Ford/Sterling	Eastgate Truck Centre	Supply of OE parts and model specific labour	\$64,000	\$65,000	\$65,000
Ford/Sterling: Eastgate Ford has a dedicated territory as a Ford/Sterling dealer and supplies Ford/Sterling dedicated parts. This vendor is the original equipment supplier for parts and service required for our fleet of 103 Sterling Plow and Garbage Packer Trucks.					
Freightliner	Metro Freightliner Trucks	Supply of OE Specific Parts	\$35,000	\$35,000	\$35,000
Freightliner: Metro Freightliner enjoys a dedicated territory for parts and warranty service for our fleet of 48 Freightliner Plow, Sweepers cab and chassis, Forestry, medium duty dump trucks and Traffic operations. Some parts on this equipment are not available from the aftermarket network therefore the original equipment supplier is the only source.					
Cummins Engine	Cummins Eastern Canada	Supply of OE Parts and Service	\$3,900	\$4,000	\$4,000
Cummins Engine: Cummins has protected territory for its engine repairs and specific parts. Generic parts are always sourced first but where none are available then we need to acquire them from OE option of Cummins Eastern Canada.					

Equipment Category	Recommended Supplier	Rationale	2011 Expenditures	2012 Estimated Expenditures	2013 Projected Expenditures
Allison Transmission	Wajax Industries	Supply of OE Parts and Service	\$12,000	\$12,000	\$12,000
Allison Transmission: Wajax is the registered distributor for Allison automatic transmissions. All of our large fleet (CVOR vehicles) are equipped with Allison automatics. Outside of warranty and very limited generic parts all work and part need to be had at Wajax. Exclusive dealer for OEM Allison transmission overhaul service within 50km of Central Garage					
Jacobsen Mowers	G.C. Duke Equipment	Supply of OE Parts and Service	\$135,000	\$135,000	\$135,000
Jacobsen Mowers: A large number of Jacobsen mowers are in use in the golf and parks operations throughout the city. There are a number of manufacturer specific parts that can only be had through the dealer. This dealer holds the entire Province of Ontario as a protected territory.					
Toro Mowers	Turfcare	Supply of OE Parts and Service	\$13,000	\$13,000	\$13,000
Toro Mowers: A significant number of Toro mowers are in use throughout the city. Getting Supply of Parts and Service is restricted to a protected territory supplied only by Turfcare in Ontario and Quebec.					
Doosan Wheel Loaders	Toplift	Supply of OE Parts and Service	\$2,700	\$3,000	\$3,000
Doosan Wheel Loaders: Doosan units are made in Korea and Supply of Parts and Service are only available through the dealer.					
Tymco and Hako Sweepers	Equipment Specialists	Supply of OE Parts and Service	\$166,500	\$170,000	\$170,000
Tymco and Hako Sweepers: Units are custom manufactured to specific work. Sweeper unit parts and labour are restricted to OE supplier.					
Aluminium Truck Bodies	Eloquip	Supply of Oe Parts and Service	\$4,400	\$4,500	\$4,500
Aluminium Truck Bodies: Custom built aluminium bodies by Eloquip. Parts are only available from Eloquip and may require some custom modifications based on model units.					
Vacuum Truck and Garbage Packers Bodies	Joe Johnson Equipment	Supply of OE Parts and Service	\$72,000	\$75000	\$75000
Vacuum Truck and Garbage Packers Bodies: Where Vactor and Labrie body parts and unique service requirements are needed Joe Johnson Equipment has a protected territory on Ontario.					

Equipment Category	Recommended Supplier	Rationale	2011 Expenditures	2012 Estimated Expenditures	2013 Projected Expenditures
Back-up Cameras Installation and Service	DiCAN	Supply of OE Parts and Service	\$44,500	\$45,000	\$45,000
Back-up Cameras Installation and Service: Only provider of on-site service, repairs and installation. Original supplier of this equipment to the majority of the heavy duty fleet, trucks cannot be safely operated when this equipment is not operable. We currently have a combined total of approximately 200 units on our fleet of salter/sander, garbage packers and sweepers. DiCAN is the dealer authorized to sell Veilig Safety systems to the Municipal industry here in Ontario					
Vermeer Wood Chippers	Vermeer Ontario	Supply of OE Parts and Service	\$12,000	\$12,000	\$12,000
Vermeer Wood Chippers: There is a number of Vermeer Wood Chippers in the City fleet and often require manufacturer's specific parts. These units are predominately municipal purchases so the parts distribution is non-existent. Some generic parts are can be had and are covered under a supply tender however specific parts can only be had from the manufacturer. Vermeer has the exclusive sales and service right for the Hamilton area.					
Auto Lube System	Lubrication Solutions	Supply of OE Parts and Service	\$30,000	\$30,000	\$30,000
Auto Lube System: We currently have approximately 100 units on our fleet of salt/sander trucks and other equipment. Lubrication Solutions is the only distributor in the Hamilton area of Groeneveld products.					
2, 3 & 4 Ton Asphalt Hot Boxes	Falcon Road Maintenance Equipment	Supply of OE Parts and Service	N/A	N/A	\$10,000
The Falcon Asphalt Hot Box: Designed to allow the diesel burner to run while being towed allowing us to keep material at a constant temperature. This is not permitted with other hot box units causing material to loose temperature and be unworkable. Automatic temperature controller keeps material warm with less waste at end of shift and tilt body with larger door openings for handling asphalt improving crew efficiency. Triple lined box, outside of box stays cool to the touch while inside stay hot. This is a bonus safety feature designed to keep operators safe from potential burns.					
Case Equipment	Strongco	Supply of OE Parts and Service	\$9000	\$10000	\$10000
Case Equipment: This vendor is an OEM for parts and warranty service required for our fleet of 5 Case Loaders/tractors, 1 Volvo loader, 4 champion graders. The nature of the supply of parts required is extremely varied and unpredictable. Having a local source of supply will reduce the need for fleet to inventory parts and reduce downtime. Strongco is a protected territory distributor in Ontario.					

Equipment Category	Recommended Supplier	Rationale	2011 Expenditures	2012 Estimated Expenditures	2013 Projected Expenditures
Falcon 2, 3 & 4 Ton Asphalt Hot Boxes	Falcon Road Maintenance Equipment	Supply of OE Product	N/A	\$20,000	N/A
<p>The Falcon Asphalt Hot Box: Designed to allow the diesel burner to run while being towed allowing us to keep material at a constant temperature. This is not permitted with other hot box units causing material to loose temperature and be unworkable. Automatic temperature controller keeps material warm with less waste at end of shift and tilt body with larger door openings for handling asphalt improving crew efficiency. A bonus safety feature is the unique triple lined box so the outside of box stays cool to the touch while inside stay hot.</p>					
Zamboni Ice Resurfacing Machine	Zamboni	Supply of OE Product	0	\$80000	0
<p>Ice Resurfacing Machine: Previous experience finds that the Zamboni Model 445 fits in all arenas. As outlined in council report #ECS07001/PW07005 approved in 2006 for the sole source supply of this machine to the end of 2012 these units meet the City's requirements for turning radius, load capacity and overall height and length of the machines considering the amenities of the specified arena facilities.</p>					
Vermeer Wood Chippers	Vermeer Ontario	Supply of OE Product	\$106,000	0	\$115,000
<p>Vermeer Wood Chippers: Vermeer is the only manufacturer of Wood Chippers with a bottom feed stop bar located at the start of the feeding chute ramp that reliably triggers the engine shut down without any intervention by the operator. Health and Safety Reviews of competitor's equipment directs staff to provide devices with this safety device. Vermeer is the only manufacturer with this safety device. Council report PW04079 June 22, 2004 recommended the purchase of Vermeer wood chippers be approved.</p>					
TC-12 Arrow Boards	Stinson	Supply of OE Product	\$17,329	\$18,000	\$18,000
<p>TC-12 Arrow Boards: These Arrow boards are in wide spread use in the City's Fleet and they are approved by the MTO to satisfy the OTC Book 7 requirements for traffic control. Standardization here will ensure ongoing MTO compliance.</p>					
LED Light Sticks	D&R Electronics	Supply of OE Product	\$12,900	\$13,000	\$13,000
<p>LED Light Sticks: D&R style LED light bars are the current product widely used on the City fleet. Used on Supervisors vehicles and quick stop and go road maintenance units that are too small for a full TC-12 Arrow Board. These lights prevent vehicle collisions by directing traffic around a stationary unit. System design & operation is a current familiarity and would prevent additional training, inventory and installation/repair costs.</p>					

Equipment Category	Recommended Supplier	Rationale	2011 Expenditures	2012 Estimated Expenditures	2013 Projected Expenditures
Vehicle Rust-Proofing Treatments	Golfi Rustproofing	Supply of Product	\$100,000	\$36,000	\$53,300
<p>Vehicle Rust-Proofing Treatments: Golfi Rustproofing is the only contractor that can provide a blended product that adheres to the vehicle for and offers a permanent application. They are the only contractor that can accommodate the size of our units in their facility with drive over pits where they can ensure full coverage of all areas and focus on components with high corrosion exposure. By selecting only those units with high exposure to salt results in cost reductions in 2012 and 2013.</p>					