



Hamilton

CITY OF HAMILTON

PUBLIC WORKS DEPARTMENT Operations Division

TO: Chair and Members Public Works Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: February 4, 2013	
SUBJECT/REPORT NO: Small Equipment Manufacturer's Standardization Renewal (PW08029a) - (City Wide)	
SUBMITTED BY: Gerry Davis, CMA General Manager Public Works Department	PREPARED BY: Randy Zangrando (905) 546-2424, Extension 7640
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 "house accounts" for the supply of equipment and 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-year period. These equipment manufacturers were approved as the City's standard as part of Report PW08029, following the City's Procurement Policy #14 - Standardization.

**SUBJECT: Small Equipment Manufacturer's Standardization
(PW08029a) - (City Wide) - Page 2 of 6**

Small equipment includes products containing engines such as lawnmowers, 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 Procurement Policy #14 – Standardization helps to target certain products which best suits the City's operational requirements. The small equipment standardization was initially proposed and approved in PW08029 to ensure that the City obtains good quality equipment for optimum value.

Stihl and Honda products are currently being used successfully among several groups in the Public Works Department including the Parks & Cemeteries Section, Horticulture & Forestry Section, and Roads & Maintenance Section. Extending the manufacturer's standard for the use of Stihl and Honda small equipment will allow staff to continue to provide services in an efficient manner.

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 Operations Division.

Staffing: There are no staffing implications. Continuation of the manufacturer's standard will ensure effective use of staff time since the City will not be required to initiate the procurement process with a different vendor.

Legal: There are no legal issues related to the information contained 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. 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.

Small equipment is primarily used by the Environmental Services Division (Parks & Cemeteries Section, Horticulture & Forestry Section) and Operations Division (Roads Operations, Waste Collections). Collectively, these two Divisions have approximately 923 pieces of small equipment in their inventory, of which 70% is comprised of Stihl and Honda products. Good-quality small equipment is essential to deliver programs in a cost effective manner.

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 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

The information contained in this report is affected by Procurement Policy By-Law No. 11-297, Policy #14 - Standardization. This policy states that equipment standards may be approved by Council or by the Standards and Approved Products Committee.

This report supports the priorities outlined in the Public Works Business Plan within "Processes" as it supports the objective of defined and aligned business planning processes through the use of efficient and cost effective services.

RELEVANT CONSULTATION

Staff consulted with the Procurement Section concerning the procurement implications as noted in this report and the Environmental Services Division.

Input was received from field staff who use and maintain the small equipment as part of their work activities. Based on user feedback, the current equipment standards meet the Division's operational requirements.

Staff completed a survey among other municipalities to obtain information on best practices on small equipment standards. A copy of the survey results are outlined in Report PW08029a as Appendix A. Based on the survey's findings, Stihl equipment is commonly used in other municipalities and this equipment manufacturer received positive feedback from other users.

ANALYSIS / RATIONALE FOR RECOMMENDATION

The City adopted the Procurement Standardization Policy #14 for the small equipment acquisition so that staff has reliable equipment for its operations. The Environmental Services Division and Operations 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.

There are several benefits with equipment standardization:

- Effective services - The use of dependable equipment will provide cost savings through reduced break-down periods.
- Administration - Standardization allows staff to streamline the time requirements for equipment procurement, inventory maintenance, and stocking supplies.

**SUBJECT: Small Equipment Manufacturer's Standardization
(PW08029a) - (City Wide) - Page 4 of 6**

- Financial - The City has "government" pricing with several vendors of the approved products to improve economies of scale.

Product Quality

As part of Report PW08029 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 since these manufacturers are considered as industry leaders in the small equipment field. These manufacturers are preferred by local equipment suppliers and by other municipalities. Since approving Standardization Policy in 2008, staff continued to review new trends in the small equipment field and found that Stihl and Honda offer the most suitable products for the City needs. Continuation with Stihl and Honda products over the next five years will provide reliable equipment for operating programs.

The Standardization Policy is important for the on-going maintenance requirements for small equipment. Stihl and Honda have local authorized repair facilities which offer prompt repair services to minimize equipment downtime. 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. By having standardized equipment, it is easier to maintain the stock of repair parts, which in turn will streamline the City's repair and maintenance workload over the next five years.

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. In most instances, the vendors offer consistent government pricing for the equipment. Occasionally, staff will issue quote for products in the event that there is variability in the pricing for a particular product. Staff will continue to work with the manufacturers to set up accounts if new licensed distributors become available in this area.

Equipment standardization facilitates a streamlined inventory control system to log the City's small equipment assets. By extending the equipment standardization over the next five years, the City will be able to replace former small equipment of other brands with Stihl and Honda products which are deemed to be more reliable. The small equipment inventory is managed using the Hansen system which tracks information on the equipment usage such as location, hours of service, user group etc. Staff monitors equipment usage and repair costs as part of the life cycle costing. In the event that downtime and repair costs become unreasonable, staff will identify that the product should be replaced. Lifecycle replacements are made at appropriate times in order to have optimum replacement value. Obsolete small equipment is sent to public auction once the product is at the end of its useful lifecycle. From past experience, Stihl and Honda equipment are in demand and have good resale value at public salvage

auctions. The resale value from the small equipment will vary depending on the condition of the equipment and the market factors.

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 its 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 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.

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

- ◆ Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner
- ◆ Full life-cycle costing for capital

Growing Our Economy

- ◆ An improved customer service

Environmental Stewardship

- ◆ Reduced impact of City activities on the environment
- ◆ Aspiring to the highest environmental standards

APPENDICES / SCHEDULES

Appendix A - Municipal Scan of Small Equipment Standardization

Small Equipment Standardization – Municipal Scan

	City of Burlington	City of St. Catharines	City of Brampton	Niagara Parks Commission
Survey Information				
Small Equipment manufacturer	Stihl is used exclusively for chainsaws for the Forestry area	Stihl equipment used exclusively	Stihl equipment is preferred	Stihl equipment is preferred
Approx. number of equipment	Information not available	Approximately 130 units	Information not available	Approximately 130 units
Equipment lifecycle	Information not available	Six to eight items purchased per year	City has a lifecycle management system for equipment	Lifecycle is 3 to 4 years. A maintenance log is used to review repair costs vs. replacement costs
Spare Parts	City has a spare parts inventory	City has a spare parts inventory. Usable parts from salvaged equipment are reused.	Spare parts are available. Salvageable parts are kept from old equipment and reused.	Spare parts are ordered since they complete their own equipment repairs
Positive Aspects	Good product quality	Good product quality	Equipment is sturdy and long lasting	Equipment is very sturdy and offers long lifespan
Employee feedback	Good feedback on the equipment. Products are easy to use and offer consistent service	Most staff favour Stihl equipment	Information not available	Staff favour Stihl equipment
Resale/auction value for equipment	Some older units are sent to auction	Equipment is not sent to auction. Any parts which are salvageable are used for other equipment	Information not available	Obsolete equipment is sold using government surplus on-line auction
Equipment suppliers	Local suppliers are used	Local dealers are used.	Local suppliers are used	Three or four local suppliers are used
Policies for equipment repairs	Parts are easy to obtain and are not as costly as other brands	Local dealers offer prompt repair	In-house staff complete repairs	In-house staff complete repairs
Additional Information	These products have low emissions	Provide technical support and training for staff	Equipment is ordered following the City's purchasing policies.	Have tried to use another brand but Stihl offers sturdier products. They have a pilot project for equipment

Note: No response received from City of Toronto, City of Oshawa, and City of London