TO: Chair and Members  
Audit and Administration Committee  
WARD(S) AFFECTED: CITY WIDE

COMMITTEE DATE: June 16, 2010

SUBJECT/REPORT NO:  
Award of Contract C12-05-10 Provision of Heavy Duty Truck and Equipment Services for Fleet Services (FCS10046) (City Wide)

SUBMITTED BY:  
Antonio D. Tollis  
Treasurer  
Corporate Services Department

PREPARED BY:  
Rick Male Ext. 4157

SIGNATURE:

RECOMMENDATION

That the Corporate Tender C12-05-10 Provision of Heavy Duty Truck and Equipment Services for Fleet Services be awarded to the two lowest compliant bids:

a) Metro Freightliner Hamilton Inc.; and

b) Barton Truck Centre Ltd.

EXECUTIVE SUMMARY

This is a City Wide contract for various repairs and services to heavy duty trucks and equipment for Fleet Services which includes the following services:

- oil changes
- front and rear brake services
- air conditioning services

Vision: To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities.

Values: Honesty, Accountability, Innovation, Leadership, Respect, Excellence, Teamwork
• steering and driveline services
• Ministry of Transportation of Ontario (MTO) inspections and repairs
• preventative maintenance checks
• emissions tests and repairs
• welding and fabrication
• hydraulic services of plows, garbage packers, aerial trucks and equipment services

This is the first time a Corporate Contract for Heavy Duty Truck and Equipment Services has been developed and issued on behalf of the Central Fleet Section.

The Request for Tenders was issued on March 19, 2010, and closed on April 21, 2010. Four compliant bids were received and the two lowest compliant bidders are being recommended for award.

The basis of calculating the Total Contract Price was on estimated quantities for services required by the entire City. The award of the contract is to the compliant bidders with the two lowest three year Total Contract Price. The contract was further broken down into two sections: Section A – Services; and Section B – Labour Services, which will be split between the two lowest compliant bidders. Due to the nature of these services, the actual value of the work assigned will be based on departmental requirements.

Bidders were requested to provide fixed unit pricing for Section A – Services and fixed hourly rates for Section B – Labour Services. The Request for Tender also provided for a fixed mark-up of 15 percent for parts purchased by the Successful Bidders. All prices quoted will remain fixed for the initial term and any subsequent renewals exercised by the City.

The initial term of the contract is for a period of one year, with an option to renew for two additional one year terms, at the sole discretion of the City.
Bid Submission Results

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Total Contract Price (Three Year Total)</th>
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</thead>
<tbody>
<tr>
<td>Metro Freightliner Inc.</td>
<td>$613,760</td>
</tr>
<tr>
<td>Barton Truck Centre Inc.</td>
<td>$668,322</td>
</tr>
<tr>
<td>Golden Horseshoe Tire Service (1998) Ltd.</td>
<td>$703,400</td>
</tr>
<tr>
<td>DeFeo’s Auto Services Ltd.</td>
<td>$773,220</td>
</tr>
</tbody>
</table>

As per the Purchasing Policy, Section 4.4, Policy 4 – Approval Authority, Council approval is required for the award of Corporate Contracts.

Alternatives for Consideration – see page 5.

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial:

The financial analysis was broken down to compare the prices bid in each section: Section A – Services; and Section B – Labour Services against historical rates charged through Policy 11 - Negotiation purchases.

Section A – Services

Unit Pricing was required for the following services:

- MTO Inspections
- emission tests
- oil filter changes and lubrication preventative maintenance

Based on the estimated quantities provided in Section A of the Request for Tender and analysis from historical service rates, the City will benefit from an estimated 31 percent savings on the services listed above. This represents an approximate three year savings of $63,000 over a $200,000 spent.
Section B – Labour Services

A comparison of the labour rates in Section B - Labour Services shows a marginal increase in the Tender prices compared to historical labour rates.

The Request for Tender provided for a fixed mark-up of 15 percent for parts. Previously, the standard mark-up charged was 20 percent for parts, gaining a savings of five percent on the mark-up of parts purchased.

The slight increase in the labour rates bid is offset by the decrease in the mark-up of parts purchased, resulting in a neutral impact on the budget for this section.

Staffing:
None.

Legal:
None.

HISTORICAL BACKGROUND (Chronology of events)

An internal audit of Central Fleet in 2008 (Report CM09003) noted that compliance with the City’s Purchasing Policy in regard to outside maintenance was an area for improvement. Central Fleet has been working with Purchasing on contract documents for the repair of heavy duty truck and equipment service vehicles. Policy 11 forms for 2009 and 2010 were prepared and approved as an interim measure in anticipation that contracts would be finalized by the end of the second quarter of 2010.

The Central Fleet Section inventory included about 850 vehicles and 500 motorized equipment units at the end of 2009. Outside services for repair and maintenance of the Central Fleet is budgeted at $1,700,000.

This is the first Request for Tenders that has been issued on behalf of the Central Fleet Section for the various services and repairs required to maintain the City’s heavy duty trucks and equipment fleet.

POLICY IMPLICATIONS

Automotive Services have previously been done in house or outsourced as required by the Central Fleet Section. An internal audit of Central Fleet (Report CM09003) noted that compliance with the City’s Purchasing Policy in regard to outside maintenance was
an area for improvement. Policy 11 forms for 2009 and the first half of 2010 were prepared and approved as an interim measure in anticipation that contracts would be finalized by the end of the second quarter of 2010. The tendering process has eliminated the requirements for many of the Policy 11 requests and addresses the concerns of the internal audit.

As per the Purchasing Policy, Section 4.4, Policy 4 – Approval Authority, Council approval is required for the award of Corporate Contracts.

**RELEVANT CONSULTATION**

Public Works Department, Central Fleet Services.

**ANALYSIS / RATIONALE FOR RECOMMENDATION**

(include Performance Measurement/Benchmarking Data, if applicable)

The two lowest compliant bidders are being recommended for award. In accordance with Purchasing Policy, Section 4.4, Policy 4 – Approval Authority, Council approval is required for the award of Corporate Contracts.

**ALTERNATIVES FOR CONSIDERATION**

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

The alternative method would be to secure competitive bids for each department; which would result in the duplication of effort and the City would not realize any cost savings that is achieved by volume discounts.

**CORPORATE STRATEGIC PLAN** (Linkage to Desired End Results)


*Skilled, Innovative & Respectful Organization*

- A skilled, adaptive and diverse workforce, i.e., more flexible staff
• More innovation, greater teamwork, better client focus
• An enabling work environment - respectful culture, well-being and safety, effective communication

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

Growing Our Economy
• An improved customer service

Environmental Stewardship
• Natural resources are protected and enhanced
• Reduced impact of City activities on the environment
• Aspiring to the highest environmental standards

APPENDICES / SCHEDULES

None.