CITY OF HAMILTON

PUBLIC WORKS DEPARTMENT
Transportation, Energy & Facilities Division

TO: Chair and Members
Public Works Committee
WARD(S) AFFECTED: CITY WIDE

COMMITTEE DATE: January 18, 2010

SUBJECT/REPORT NO:
Central Fleet Request for Policy 11 Approval (PW09042a)

SUBMITTED BY:
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General Manager
Public Works Department

PREPARED BY:
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SIGNATURE:

RECOMMENDATION

(a) Council authorizes the Central Fleet Section to use Purchasing Policy 11 to single source repair and maintenance of heavy duty trucks and equipment from Barton Truck Centre Ltd. to a limit of $350,000 for the 2010 calendar year;

(b) Council authorizes the Central Fleet Section to use Purchasing Policy 11 to single source repair and maintenance of heavy duty trucks and equipment from De Feo’s Auto Service Ltd. to a limit of $350,000 for the 2010 calendar year.

EXECUTIVE SUMMARY

The Central Fleet includes about 195 heavy duty trucks and about fifty heavy equipment units, in addition to over 800 light-duty and medium-duty vehicles and equipment units. Replacement of Central Fleet units in 2010 is budgeted at $5.450-million, and Outside Services for repair and maintenance is budgeted at $1.899-million.

The Central Fleet is a diverse system which consumes a high volume of parts and services to operate in a state of good repair. This satisfies a number of goals related to health and safety, cost-efficiency, productivity and return on investment.

To maintain competitive pricing and service, Central Fleet deals with a number of outside vendors to supplement the in-house work force. About 25% of repairs and maintenance are sublet to commercial garages. A number of these will be under contract as a result of the award for light-duty repairs and maintenance. Two vendors
will meet the requirement to obtain Council approval for a request to use Purchasing Policy 11 authorizing the use of a single source for repairs and maintenance.

As noted in Report PW09042 last year, Central Fleet is improving compliance with the City’s Purchasing Policy in regard to outside maintenance. A contract for repair and maintenance for heavy duty trucks and equipment is being prepared that will replace the use of Policy 11 for this service later this year.

Alternatives for Consideration - See Page 3

FINANCIAL / STAFFING / LEGAL IMPLICATIONS

Financial: There are no financial implications. Adequate budget has been proposed in our 2010 tax-supported operating budget.

Staffing: There are no staffing implications. As noted in Report PW09042, compliance with the current Purchasing Policy is difficult with the existing staff because of the extraordinary number of vendors used to support the complex and diverse Central Fleet operation.

Legal: None

HISTORICAL BACKGROUND

Central Fleet has historically used Policy 11 requests to approve business relations with about 100 external vendors for the repair and maintenance of vehicles and work equipment. A tender for the repair and maintenance of light-duty fleet was issued and closed in November 2009. A tender for the repair and maintenance of heavy trucks and equipment will be completed in 2010.

POLICY IMPLICATIONS

The City of Hamilton Purchasing Policy, Section 4.11, Policy for Negotiations allows for the use of negotiations when a single source for the supply of a particular Good and/or Service is being recommended because it is more cost effective or beneficial for the City.

Single source requests which are $250,000 or greater must have Council approval prior to initiating the negotiation process.

This recommendation aligns with the Public Works Innovate Now Business Plan by ensuring that equipment is maintained and completes its expected lifecycle, and costs are kept to a minimum.
SUBJECT: Central Fleet Request for Policy 11 Approval  
(PW09042a) - (City Wide)- Page 3 of 3

RELEVANT CONSULTATION

The City’s Purchasing Section has been consulted frequently over the past year to replace Policy 11 requests with contracts. Several components and vehicle types have been standardized as recommended in Report PW09074 approved in August 2009, which has also reduced the need for Policy 11 requests.

ANALYSIS / RATIONALE FOR RECOMMENDATION

The Central Fleet Garage and eight satellite garages have 29 fleet technicians working on two shifts Monday to Friday to maintain over 1,000 trucks, trailers, and specialized equipment used in municipal operations. Priority is given to medium and heavy-duty equipment but during most of the year, the City workforce is not sufficient to meet all requirements for vehicle service on any given day. External vendors with a shop labour rate in the same range as the City’s burdened labour rate, calculated as $84.86 per hour in 2008, are able to meet our requirements for additional service.

ALTERNATIVES FOR CONSIDERATION

If Council decides not to approve these requests to single source from outside vendors, operating groups will have to prioritize maintenance requests and some City operations that rely on fleet equipment may be delayed or unavailable.

CORPORATE STRATEGIC PLAN


Skilled, Innovative & Respectful Organization

• More innovation, greater teamwork, better client focus

Financial Sustainability

• Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner

Growing Our Economy

• Competitive business environment

APPENDICES / SCHEDULES

None