SUBJECT: Central Fleet Request for Policy 11 Approval (PW09042) - (City Wide)

RECOMMENDATION:
That Council authorize the Central Fleet Section to use Purchasing Policy 11 to single source repair/maintenance of light and heavy duty vehicles from the following vendors for the 2009 calendar year:

i) Barton Truck Centre Ltd. to the upset limit of $250,000;
ii) DeFeo’s Auto Service Ltd. to the upset limit of $475,000;
iii) JMC Automotive to the upset limit of $250,000.

EXECUTIVE SUMMARY:
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 specifications for contracts for repair of light and heavy-duty vehicles. Policy 11 forms for 2009 were prepared and approved as an interim measure in anticipation that contracts would be finalized by the end of April 2009. There have been delays in issuing the tenders and the amounts requested in the Policy 11s are no longer adequate to allow Central Fleet to remain in compliance with the Purchasing Policy.

To maintain competitive pricing and service, Central Fleet deals with a large number of vendors to supplement the in-house work force. About 25% of repairs and maintenance are sublet to commercial garages. Three 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.

BACKGROUND:
The information and recommendations contained within this report have City wide implications.

The Central Fleet Section included 842 vehicles and 472 motorized equipment units at the end of 2008. Replacement of Central Fleet units in 2009 is budgeted at $5.2-million, and Outside Services for repair and maintenance is budgeted at $1.7-million.

The Central Fleet is a diverse system which consumes a high volume of parts and services in order 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.

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. Central Fleet has been working with Purchasing on specifications for a contract for repair of light and heavy-duty vehicles. Policy 11 forms for 2009 were prepared and approved as an interim measure in anticipation that contracts would be finalized by the end of April 2009. There have been delays in issuing the tenders and the amounts requested in the Policy 11s are no longer adequate to allow Central Fleet to remain in compliance with the Purchasing Policy.

ANALYSIS/RATIONALE:
To maintain competitive pricing and service, Central Fleet deals with a large number of vendors (about 100 in total) to supplement the in-house work force. About 25% of repairs and maintenance are sublet to commercial garages. Three 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. Another forty-eight vendors already have approved Policy 11 requests for 2009 that do not exceed $250,000.

Report PW09028 recommended approval for the Transit Division to use Policy 11 for the purchase of parts from three single source vendors in excess of $250,000. The same rationale for Transit's fleet operation applies to Central Fleet. An exceptional difference between the two fleets is that Central Fleet has a much smaller maintenance work force supporting a significantly larger fleet, moderated by lower utilization of Central Fleet vehicles compared to buses.

ALTERNATIVES FOR CONSIDERATION:
Central Fleet has drafted specifications for two tenders, one for light-duty vehicle maintenance and repair, and one for heavy-duty vehicle maintenance and repair. Staff is making modifications to meet policy and legal requirements before advertising the contracts. Once the contracts are awarded, there should be a substantial reduction in the number of Policy 11 requests made by Central Fleet.
FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financial: There are no financial implications. Adequate budget was approved for this operation in our 2009 tax-supported operating budget.

Staffing: There are no staffing implications unless the recommendation is denied. As stated in Report PW09028, Bus Parts Request Authorization, compliance with the current Purchasing Policy is difficult with the existing staff level because of the extraordinary number of vendors used to support the complex and diverse Central Fleet system.

Legal: There are no legal implications.

POLICIES AFFECTING PROPOSAL:

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 Strategic Plan by ensuring that equipment is maintained and completes its expected lifecycle, and costs are kept to a minimum.

CITY STRATEGIC COMMITMENT:
By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

**Community Well-Being is enhanced.** ☑ Yes  ☐ No
Community well-being is enhanced by being able to provide reliable, low maintenance equipment at an affordable cost.

**Environmental Well-Being is enhanced.** ☑ Yes  ☐ No
Environmental well-being is enhanced by providing sustainable equipment which does not become prematurely obsolete.

**Economic Well-Being is enhanced.** ☑ Yes  ☐ No
The need to increase City resources is reduced and maintenance of the fleet is streamlined.

**Does the option you are recommending create value across all three bottom lines?**
☑ Yes  ☐ No

**Do the options you are recommending make Hamilton a City of choice for high performance public servants?**
☑ Yes  ☐ No
The recommendation continues to make Hamilton a City of choice for high performing public servants. The maintenance and safety of our fleet should demonstrate excellence in the area of service delivery through a high quality, efficient workforce that takes pride in their efforts and in the community where they live. The implementation of a fleet maintenance program based on cost-efficiency and job excellence makes the purchase of proper services and parts necessary.