



Staff Report for CAO Delegated Authority

Date of Meeting: October 13, 2022

Report Number: SRCS.22.16

Department: Community Services
Division: Public Works Operation

Subject: **SRCS.22.16 – Additional Funds for Sole Source Acquisition of Parts & Maintenance Services for Highly Specialized Equipment**

Purpose:

To obtain approval to add funds to the purchase orders associated with sole source contracts for the maintenance of highly specialized fleet equipment.

Recommendation(s):

- a) That funds in the amount of \$240,000 (exclusive of taxes) be approved for addition to the Purchase Orders associated with the sole source maintenance contracts for Joe Johnson Equipment, Viking-Cives Ltd., Brandt Tractor, B.E. Larken Equipment, and Turf Care Canada Inc.; and,
- b) That the Acting Commissioner of Community Services be authorized to execute any necessary documentation to effect the required changes to sole source maintenance contracts.

Contact Person:

Jeff Stewart, Director of Public Works Operations, Extension 2935

Report Approval:

Report Approval:

Submitted by:

Tracey Steele
Acting Commissioner of Community Services

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Approved by:

A handwritten signature in black ink, appearing to read "Darlene Joslin". The signature is fluid and cursive, with a large loop at the beginning and a long horizontal stroke at the end.

Darlene Joslin
Interim City Manager

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Background:

The City uses a competitive bid process to acquire various types of highly specialized vehicles and equipment to be used for specific maintenance purposes (for example, sidewalk ploughs and street sweepers). In some cases, maintenance for this specialized equipment can only be obtained through the original equipment manufacturer or authorized, exclusive territorial dealers. As a result, the City must procure required parts and service for the specialized equipment through sole source arrangements.

Table 1 summarizes the approved contract values for vendors currently providing sole source maintenance services for specialized operational equipment. These contracts are currently in the fourth of 5 years, with the fourth year ending on October 31, 2022.

Table 1: Current Specialized Equipment Maintenance Contracts

Manufacturer	Distributor	Approved Funding
Trackless, Vactor, Elgin	Joe Johnson Equipment	\$185,000
Viking-Cives Plows & Roll-off Equipment	Viking-Cives Ltd.	\$30,000
John Deere Industrial	Brandt Tractor	\$90,000
Kubota	B.E. Larken Equipment	\$40,000
Toro	Turf Care Canada Inc.	\$35,000

The sole source maintenance contracts outlined in Table 1 define an upset spending limit for each vendor, but do not include itemized costs for specific services or parts. Labour and parts are billed at market rates applicable at the time of service, much the same as when personal vehicles obtain maintenance at service stations. The existing upset purchase order amounts for the specialized equipment maintenance contracts were established in 2018 and are no longer sufficient to cover the costs for required parts and services given inflation and supply chain issues. Additionally, costs have increased due to vendors implementing cost saving measures not governed by the contracts such as reductions in group discounts, and elimination of complimentary equipment inspections.

The City's fleet vehicles and equipment included in these contracts are used, in part, to meet legislative requirements, such as minimum road maintenance standards (set out in

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O.Reg. 239/02), and drinking water monitoring requirements established by the Safe Drinking Water Act, 2002.

Financial/Staffing/Other Implications:

The purchase orders associated with existing specialized equipment maintenance contracts require an additional \$240,000 (exclusive of taxes) in funds for year 5. As these contracts are sole source contracts, only Council (or the City Manager during Council recess periods) can approve the addition of funds. The funds required to be added to specific vendor purchase orders are summarized in Table 2.

Table 2: Additional Contract Funding

Manufacturer	Distributor	Estimated Additional Required Funding
Trackless, Vactor, Elgin	Joe Johnson Equipment	\$200,000
Viking-Cives Plows & Roll-off Equipment	Viking-Cives Ltd.	\$5,000
John Deere Industrial	Brandt Tractor	\$0
Kubota	B.E. Larken Equipment	\$10,000
Toro	Turf Care Canada Inc.	\$25,000

Maintenance of highly specialized operational equipment is funded through the Operating Budget.

Relationship to Council's Strategic Priorities 2020-2022:

This initiative will help meet the Council Strategic Priorities of Fiscal Responsibility and Balancing Growth and Green. Maintaining City assets in working order and undertaking repairs when they occur ensures vehicles are working at their highest possible level of efficiency and effectiveness. This also ensures that these assets last the full length of their expected service life (ESL) and should achieve a full return on their initial investment.

Climate Change Considerations:

This initiative considers climate change mitigation by maintaining City assets in working order thereby ensuring that vehicles are working at their highest possible level of efficiency and effectiveness.

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Conclusion:

In some cases, maintenance for specialized equipment can only be obtained through the original equipment manufacturer or authorized, exclusive territorial dealers. As a result, the City must procure required parts and service through sole source arrangements.

The City is experiencing substantial increases in the costs of parts and services within this contract as a result of post-COVID-19 inflation and supply chain issues.

Existing specialized equipment maintenance contracts require an additional \$240,000 in funds (exclusive of taxes) to cover parts and service needs in year 5 of the contracts.

Attachments:

The following attached documents may include scanned images of appendixes, maps and photographs. All attachments have been reviewed and made accessible. If you require an alternative format please call the contact person listed in this document.

n/a