



## REPORT

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**TO:** Mayor Lawlor and Members of Council

**FROM:** Mark Covert, Director of Public Works

**DATE:** November 23, 2022

**REPORT NO.:** TPW-2022-0029

**SUBJECT:** Award of Tender T-117-22 for the Purchase of Three (3) Replacement Snowplow Trucks

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### RECOMMENDATION:

THAT Report No. TPW-2022-0029, dated November 23, 2022 for the Award of Tender T-117-22 for the Purchase of Three (3) Replacement Snowplow Trucks be received;

AND FURTHER THAT PTG Mississauga Enterprises Limited Partnership O/A Premier Truck Group, be awarded tender T-117-22 for the Purchase of Three (3) Replacement Snowplow Trucks;

AND FURTHER THAT the Senior Manager of Purchasing and Risk Management be authorized to issue a purchase order to PTG Mississauga Enterprises Limited Partnership O/A Premier Truck Group, 1831 Barton Street East, Hamilton ON L8H 2Y7, in the amount of \$1,166,621.04.

AND FURTHER THAT \$272,981.35 be transferred from the Equipment Replacement Reserve Fund to cover 2022 over-expenditures in capital project 6500-06-0102 Equipment Replacement.

### KEY POINTS:

The following are key points for consideration with respect to this report:

- Capital project 6500-06-0102 Equipment Replacement is an ongoing capital program for the renewal of Public Works equipment.
- The impacts of the COVID pandemic and related supply chain challenges in the car and truck industry are causing significant cost increases and vehicle availability challenges.

- Tender T-117-22 for the Purchase of Three (3) Replacement Snowplow Trucks closed on November 14, 2022. The lowest bid is \$210,578.38 over the budget allocation.
- Re-tendering is not likely to result in any pricing improvement and it is advisable to take advantage of build spots with manufacturers. Award of Tender T-117-22 to PTG Mississauga Enterprises Limited Partnership O/A Premier Truck Group in the amount of \$1,166,621.04 is recommended by staff.
- Despite mitigation efforts, award of this tender in addition to the other purchase commitments will result in an overall funding shortfall of \$272,981.35 in the 2022 Equipment Replacement capital project.
- Staff recommend this funding shortfall be subsidized through an additional draw from the Equipment Reserve.
- Given current global market conditions are expected to continue, staff will be reviewing the Equipment Reserve balance and contribution model as part of the 2024 Budget process.

### **BACKGROUND AND DISCUSSION:**

Capital project 6500-06-0102 Equipment Replacement is an ongoing capital program for the renewal of Public Works equipment. Equipment is replaced on established life-cycle schedules (adjusted, as appropriate, on actual unit condition) to ensure the Town maintains a modern, effective fleet with minimal downtime and repair costs.

The impacts of the COVID pandemic and related supply chain challenges in the car and truck industry have resulted in significant cost increases and vehicle availability challenges in recent years, especially during 2022. The Town has experienced several poor responses to tender requests, cancelled orders, and overbudget bids. In order to mitigate these impacts, staff have taken the following steps:

- Deferred planned replacements to future years, where practical
- Modified vehicle specifications, and
- Directly searched vehicle inventories at dealerships.

A Request for Tenders was initially offered as a bid opportunity earlier this year for the replacement of two dual-axle plow trucks. This tender was not successful as bidders could not secure build spots with manufacturers. As a result, and due to the anticipated increased cost of dual-axle trucks, staff re-tendered those trucks as smaller, single-axle plows along with a third single-axle plow also planned for replacement in 2022. The funding allocation for these three units within the 2022 Equipment Replacement budget totals \$840,000.

The resulting Tender T-117-22 for the Purchase of Three (3) Replacement Snowplow Trucks closed on November 14, 2022 with 2 bids received:

	<b>PTG Mississauga Enterprises Limited Partnership O/A Premier Truck Group</b>	<b>Altruck</b>
Base Bid	1,015,593.00	1,052,925.00
Optional Automated Greasing System (recommended)	16,815.00	16,050.00
Sub-total	1,032,408.00	1,068,975.00
HST	134,213.04	138,966.75
Total Tender Award	<b>1,166,621.04</b>	1,207,941.75
Municipal HST Rebate	116,042.66	120,152.79
Total Budget Impact	<b>1,050,578.38</b>	1,087,788.96

As can be seen above, the lowest bid is \$210,578.38 over the budget allocation for these units. Staff are of the opinion that re-tendering is not likely to result in any pricing improvement, and it is advisable at this time to take advantage of build spots with manufacturers when they come available. Deferring replacement of these units to a future year would result in increased repair costs and breakdowns, potentially affecting the provision of service.

The Town's Purchasing Policy requires Council approval for tender awards exceeding \$1,000,000 in value. Award of Tender T-117-22 to PTG Mississauga Enterprises Limited Partnership O/A Premier Truck Group in the amount of \$1,166,621.04 is recommended by staff.

Due to other cost increases mentioned earlier, and despite the mitigation actions taken by staff, award of this tender in addition to the other purchase commitments against the 2022 Equipment Replacement capital project will result in an overall funding shortfall of \$272,981.35, as detailed below:

<b>2022 Equipment Replacement Capital Project 6500-06-0102</b>	
Starting Balance	794,134.48
2022 Approved Budget	1,341,000.00
Expenditures and Commitments to Date	(1,357,537.45)
Remaining Budget	777,597.03
Award of tender T-117-22	(1,050,578.38)
Additional Funding Required	<b>272,981.35</b>

Staff recommend this funding shortfall be subsidized through an additional draw from the Equipment Reserve.

#### **STRATEGIC PLAN ALIGNMENT:**

This report is administrative in nature and does not have an impact on the Town's Strategic Plan.

**RELATIONSHIP TO CLIMATE CHANGE:**

This report is administrative in nature and does not directly impact or address climate change and the Town's Net Zero target.

**PUBLIC ENGAGEMENT:**

Public Engagement was not needed as this report is administrative in nature.

**INTERNAL CONSULTATION:**

The Senior Manager of Purchasing & Risk Management reviewed the bids and is in agreement with the award to PTG Mississauga Enterprises Limited Partnership O/A Premier Truck Group.

**FINANCIAL IMPLICATIONS:**

This report has an immediate financial impact and requires a funding source.

As discussed above, project 6500-06-0102 requires \$272,981.35 to complete the purchase of the vehicles. Accordingly, it is requested that the budget be increased by \$272,981.35 from \$1,341,000 to \$1,613,981.35. The additional funding will be financed from the Equipment Reserve. Given the current global market conditions are expected to continue for the foreseeable future, staff will be reviewing the Equipment Reserve balance and contribution model as part of the 2024 Budget process. Associated fleet renewal plans will also be reviewed to ensure sustainability of the reserve.

Reviewed and approved by,

Simone Gourlay, Senior Manager of Purchasing and Risk Management

Moya Jane Leighton, Director of Finance & Town Treasurer

Bill Andrews, Commissioner of Transportation & Public Works

Chris Mills, Chief Administrative Officer