



REPORT

TO: Mayor Lawlor and Members of Council

FROM: Deputy Fire Chief, Bruce Morrison

DATE: January 20, 2023

REPORT NO.: FIRE-2023-0001

SUBJECT: Additional Funding Request - Acquisition of Replacement Aerial Ladder Truck

RECOMMENDATION:

THAT Report No. FIRE-2023-0001 dated January 20, 2023 regarding the Additional Funding Request - Acquisition of Replacement Aerial Ladder Truck be received;

AND FURTHER THAT Council pre-approve the award of the replacement aerial ladder truck subject to awarding to the lowest compliant bid;

AND FURTHER THAT Council approve an increase to the Replace Ladder 750 project (5900-25-2303) from \$1,800,000 to \$2,050,000 and that the additional \$250,000 be funded from the Equipment Replacement Reserve;

AND FURTHER THAT Council authorize the Senior Manager of Purchasing and Risk Management to issue a purchase order to the lowest compliant bidder for the purchase of the replacement aerial ladder truck to an upset limit \$2,050,000.00 including non-refundable HST;

AND FURTHER THAT staff are authorized to return any funds not used to the Equipment Replacement reserve.

KEY POINTS:

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

- The purpose of this report is to increase the proposed \$1,800,000.00 aerial replacement budget by \$250,000.00 to \$2,050,000.00 and receive delegated authority to approve award to the lowest compliant bidder within the \$2,050,000.00 budget.

- Aerial ladder truck 750 is a 2004 65' aerial ladder truck that has reached its end of life. In addition, the ladder length is not sufficient to provide emergency response to all buildings in the municipality.
- The replacement of aerial ladder truck 750 is included in the 2023 capital budget (project 5900-25-2303) at an estimated cost of \$1,800,000 for consideration by the Budget Committee.
- The estimated cost of this unit has increased by \$250,000 to \$2,050,000 as pandemic and post-pandemic global impacts have affected the material costs, labour forces, logistics, and demand for apparatus over and above traditional pre-pandemic levels.
- There are no aerial truck in Canada. All are based in the USA or Europe, and current demand has pushed delivery to, in some cases, 36 months.
- The Fire Department's and Purchasing's strategy is to purchase an in-production stock or demo unit to avoid delay in replacement and take advantage of today's pricing.
- Manufacturers are no longer guaranteeing their prices beyond 30 days. The ability of the manufacturer to increase prices is now part of awarded contracts.

BACKGROUND AND DISCUSSION:

The Fire Department maintains a fleet of emergency vehicles to provide emergency response to the residents and businesses of Halton Hills. These units are required to respond to a variety of emergency calls throughout the municipality and by agreement, in portions of both the Town of Milton and Erin Township.

The Halton Hills Fire Department has one aerial ladder truck in its fleet. This unit is a 2004 65' ladder truck with a 5000 litre/minute fire pump. An aerial ladder truck is a specialized vehicle which provides elevated water streams, conducts rescue operations, ventilation operations, and provides an additional back-up pump for other out of service pumper trucks.

Aerial ladder trucks are critical when extinguishing fires or performing rescues in multi-story buildings, large commercial, manufacturing, warehouse buildings, or hospitals and long-term care facilities.

Our current ladder truck has reached its end of service life and is experiencing increased maintenance costs, difficulty in sourcing replacement parts, and ongoing electrical issues. which makes it challenging to keep this unit serviceable.

The capital forecast is used to predict the replacement costs of vehicles and is reviewed annually by senior Fire staff. In early 2022, it was estimated, based on current market trends, at that time \$1,800,000 would be a reasonable amount to budget for the replacement of this apparatus in 2023 (project 5900-25-2303). Since that time the

industry has continued to experience labour shortages, material price increases, supply shortages, and supplier upcharges on goods already ordered. Increased demand, along with global conflicts, has seen rapid increases in demand and prices, resulting in a revised price estimate of \$2,050,000. This results in a \$250,000 shortfall for project 5900-25-2303 (Replace Ladder 750).

It is recognized by all that the purchase of a new aerial fire ladder truck is a major investment in a public safety asset by the Town and Fire Department. Approval of the additional funding will allow the immediate purchase of an in production or stock truck that meets our operational needs and eliminates the possibility of the Town being exposed to random and unexpected market price increases from the time a custom order is placed and up to delivery extending to 36 months. Staff are recommending a bid be issued for a demonstration unit or a unit that is already in production. The specifications will invite bids and allow the manufacturers to suggest units to meet our needs. Award will be based on the lowest compliant bid. As manufacturers are only holding prices for 30 days, the Town's purchasing approval process for items over \$1,000,000 mandates Council approval. Staff are requesting pre-approval for this purchase to be able to accept vendors pricing.

STRATEGIC PLAN ALIGNMENT:

This report aligns to the Town's Strategic plan recognizing the value to provide responsive, effective municipal government and strong leadership in the effective and efficient delivery of municipal services.

This report also identifies fiscal and corporate management as one of the Town's Strategic priorities.

RELATIONSHIP TO CLIMATE CHANGE:

This report impacts and/or helps address climate change and the Town's Net Zero target through corporate energy savings.

PUBLIC ENGAGEMENT:

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

INTERNAL CONSULTATION:

Fire staff reviewed this project Finance, and they advise that the additional monies required to complete this project are available in the Capital Equipment Reserve and at this time is the most appropriate source for these monies.

The Senior Manager of Purchasing & Risk Management is in agreement with this recommendation.

FINANCIAL IMPLICATIONS:

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

As discussed above, the updated cost estimates to Replace Ladder Truck 750 project (5900-25-2303) is \$2,050,000. The current proposed budget for this project is \$1,800,000 resulting in a shortfall of \$250,000. Accordingly, it is recommended that the proposed project budget be increased by \$250,000 from \$1,800,000 to \$2,050,000 and that the additional funding be financed from the Equipment Replacement reserve. Any excess funding resulting from tender of the equipment will return to the same reserve if materialized.

Reviewed and approved by,

Simone Gourlay, Senior Manager of Purchasing and Risk Management

Moya Jane Leighton, Director of Finance & Town Treasurer

Jon Rehill, Commissioner & Chief of Fire Services

Chris Mills, Chief Administrative Officer