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ADMINISTRATIVE REPORT

Report Date: June 1, 2012
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RTS No.: 9657
VanRIMS No.: 08-2000-20
Meeting Date: June 12, 2012

TO: Vancouver City Council
FROM: General Manager of Engineering Services and Chief Purchasing Official
SUBJECT: Contract Award for the Supply and Delivery of Truck Chassis and Tractor Trailers

RECOMMENDATION

- A. THAT, subject to the conditions set out in Recommendations B, C, and D, a purchase agreement be entered into with First Truck Centre Vancouver Inc. ("First Truck") for the supply and delivery of forty-eight (48) truck chassis and six (6) tractor trailers with a total contract value of \$5,637,938.00, plus HST; with an option to purchase up to thirty-nine (39) additional truck chassis and three (3) additional tractor trailers within two (2) years from the date of the purchase contract at the City's sole option.
- B. THAT all legal documentation is to be in a form and on terms and conditions satisfactory to the Director of Legal Services, Director of Finance, General Manager of Engineering Services and the Chief Purchasing Official.
- C. THAT upon approval of the legal documentation, the Director of Legal Services, the General Manager of Engineering Services and the Chief Purchasing Official are authorized to execute and deliver the necessary agreement on behalf of City Council.
- D. THAT no legal rights or obligations shall arise hereby and none shall arise or be granted hereafter unless and until all contemplated legal documentation has been executed and delivered by all parties.

CITY MANAGER'S COMMENTS

The City Manager recommends approval of the foregoing which will provide total estimated savings of \$176,562.00 based on allocated budget funded from the Truck & Equipment Plant Account Reserve Fund.

The City Manager, General Manager of Engineering Services, Director of Financial Services and Chief Purchasing Official (collectively, the "Bid Committee") have reviewed and endorsed these awards.

COUNCIL POLICY

It is Council policy to enter into contracts for the purchase of equipment, supplies and services that will give the best value based on quality, service and price.

Council approval is required for contracts with a value over \$2 million.

SUMMARY

There is no agreement in place for the purchase of new truck chassis and tractor trailers. The last purchases of truck chassis and tractor trailers were made in August 2010 and November 2004, respectively.

The City conducted an Invitation to Tender process which provided an opportunity to evaluate the current market place and ensure the City is receiving reliable, durable, safe, fuel efficient and overall high-quality truck chassis and tractor trailers at a competitive price.

The bids were received by Supply Management on November 29, 2011 and referred to the Equipment Services Branch for evaluation. The bids were evaluated based on the lowest value meeting specifications.

The recommendations of the evaluation team which were subsequently approved by the Bid Committee provided the City with one supplier providing five (5) different categories of truck chassis and tractor trailers at a competitive cost.

Subject to Council approval, the recommendations of the evaluation team will save the City a total estimated savings of \$176,562 based on allocated budget funded from the Truck & Equipment Plant Account Reserve Fund.

PURPOSE

The purpose of this report is to recommend that Council approve the selection of First Truck to supply truck chassis and tractor trailers to the City as identified in this report. This recommendation which has been approved by the Bid Committee is based on the evaluation of bids submitted in response to a public tender process through Invitation to Tender PS20110615: Supply and Delivery of Truck Chassis and Tractor Trailers (the "ITT").

BACKGROUND

The truck chassis and tractor trailers are approved for replacement under the 2012 Vehicle and Equipment Replacement and Additions Program for the Sewers Operations branch, Waterworks Operations branch, Streets Operations branch, Transfer and Landfill Operations branch and Park Board fleet. These truck chassis and tractor trailers will replace the existing trucks because they are at the end of their operational life. They will be used for municipal utility work including transporting of landfill waste streams, excavated material, support equipment, snow clearing, salting and paving operations.

There is no agreement in place for the purchase of new truck chassis and tractor trailers. The last purchases of truck chassis and tractor trailers were made in August 2010 and November 2004, respectively.

By going to market for the purchase of forty-eight (48) truck chassis and six (6) tractor trailers, the City was able to take advantage of a weak supply market and use the leverage of a competitive process to secure the procurement savings as described above.

On November 4, 2011, the City issued an the ITT for the supply and delivery of truck chassis and tractor trailers. The major objectives of the ITT were to obtain the following:

- Cost savings; and
- Reliable, durable, safe, fuel efficient and overall high-quality truck chassis and tractor trailers.

Four bids were received by Supply Management on November 29, 2011 and referred to the Equipment Services Branch for evaluation. The four (4) bid submissions were evaluated based on the lowest value meeting specifications.

To conduct a fair evaluation and financial analysis, the Product Requirements were broken down into five (5) categories and they were evaluated separately:

Item	Description	Quantity
1	Tandem Axle Chassis Configuration A	48
2	Tandem Axle Chassis Configuration B	
3	Single Axle Conventional Cab Chassis	
4	Single Axle Crew Cab Chassis	
5	Tractor Trailer	6

DISCUSSION

After thorough evaluation of the bid submissions, First Truck's bid provided the overall total lowest price meeting specifications. The Evaluation team unanimously recommends the award of the five (5) categories to First Truck.

First Truck has previously supplied Freightliner truck chassis and tractor trailers to the City. Freightliner trucks also have the lowest annual costs, which includes purchase and outfitting loan repayment less resale, interest, depreciation, maintenance, fuel, and insurance. Freightliner has a superior comprehensive warranty program and First Truck, which is located in Surrey, British Columbia, provides excellent maintenance and repairs support service. In addition to bio-diesel powered truck chassis, First Truck also offered Compressed Natural Gas (CNG) powered chassis as an option. Current CNG powered models do not meet the City's minimum performance requirements; therefore, the City recommends the purchase of the bio-diesel powered chassis, which will reduce greenhouse gas (GHG) emissions by 18% when

operating with B20. The City intends to evaluate future CNG powered chassis and assess the performance when the option to purchase additional truck chassis is exercised.

First Truck also offered Liquid Natural Gas (LNG), and bio-diesel tandem and bio-diesel tri-drive tractors trailers. Bio-diesel tri-drive units are not recommended as the specific loading requirements of the City would result in increased fuel usage. LNG engines do offer reduced emissions, but are not recommended at this time due to the significant annual cost increase compared to bio-diesel. The City did pursue funding opportunities with Fortis BC to offset the additional capital cost of natural gas powered vehicles. Funding is not available at this time, but will be examined for future purchases. The City, therefore, recommends the purchase of the bio-diesel tandem drive tractor trailers.

The make and model of the trucks offered by First Truck have been certified by the US Environmental Protection Agency (EPA) as fully compliant for GHG emissions under the GHG14 regulations. GHG14 is the first EPA program to reduce heavy-duty and medium-duty truck GHG emissions and will come into force in 2014. The Canadian Environmental Protection Agency (CEPA) has aligned with this standard as of April 2012, with like regulations coming into force in 2014. Freightliner and their parent company, Daimler Trucks of North America, have worked closely with these North American governing bodies to certify their products one year ahead of the 2014 mandated deadline. Additionally, Freightliner products have been certified under the EPA 2010 diesel engine emissions regulations.

FINANCIAL IMPLICATIONS

The total estimated award is \$5,637,938.00 plus HST, with funding available from the Truck & Equipment Plant Account Reserve Fund. This award represents a projected savings of \$176,562.00 based on allocated budget.

PERSONNEL IMPLICATIONS

There are no personnel implications.

IMPLEMENTATION PLAN

It is anticipated that forty-eight (48) truck chassis and six (6) tractor trailers will be delivered before the end of the first quarter of 2013.

CONCLUSION

On the basis of the information provided herein, the adoption of this report is recommended.

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