

ADMINISTRATIVE REPORT

Report Date: June 22, 2012
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RTS No.: 9684
VanRIMS No.: 08-2000-20
Meeting Date: July 24, 2012

TO: Vancouver City Council

FROM: Chief Purchasing Official

SUBJECT: Contract Award for the Supply and Delivery of Replacement Construction Equipment

RECOMMENDATION

- A. (i) THAT, subject to the conditions set out in Recommendations B, C, and D, a purchase agreement be entered into with Parker Pacific Equipment Sales ("Parker Pacific") for the supply and delivery of nine (9) municipal backhoe loaders, one (1) cemetery backhoe loader, one (1) 1.5 yard excavator and one (1) 2.0 yard excavator with a total contract value of \$1,606,857, plus HST; with an option to purchase additional units within four (4) additional one (1) year extensions at the City's sole option, funded from the Truck and Equipment Plant Account.
- (ii) THAT, subject to the conditions set out in Recommendations B, C, and D, a purchase agreement be entered into with Finning International Inc. dba Finning (Canada) ("Finning") for the supply and delivery of two (2) wheel loaders, with a total contract value of \$903,418, plus HST; with an option to purchase within four (4) additional one (1) year extensions at the City's sole option, funded from the Truck and Equipment Plant Account.
- 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 be 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.

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 construction equipment. The last purchases of construction equipment were made in 2009.

The City conducted a request for proposal process which provided an opportunity to evaluate the current market place and ensure the City is receiving high quality construction equipment that meets both the functional and performance requirements at a competitive price.

The proposals were received by Supply Management on November 1, 2011 and referred to the evaluation team, consisting of staff from Supply Management, Equipment Services Branch, and the operations branches that will use the equipment (the "Evaluation Team"), for evaluation. The proposals were evaluated based on technical and business requirements, operational assessment by demonstration equipment, and pricing, with predefined weighted criteria.

The recommendations of the Evaluation Team which were subsequently approved by the Bid Committee provided the City with two suppliers providing five (5) different categories of construction equipment at the best value.

PURPOSE

The purpose of this report is to recommend that Council approve the selection of Parker Pacific and Finning to supply construction equipment to the City as identified in this report. This recommendation which has been approved by the Bid Committee is based on the evaluation of proposals submitted in response to a public request for proposal process through RFP file no. PS20110446: Supply and Delivery of Construction Equipment (the "RFP").

BACKGROUND

This construction equipment is approved for replacement under the Vehicle and Equipment Replacement and Additions Program for the Sewers Operations branch, Waterworks Operations branch, Transfer & Landfill Operations branch, Kent Construction Services, and the Mountain View Cemetery. This construction equipment will replace existing equipment that is at the

end of its operational life. The construction equipment will be used for municipal utility work including trench excavations, loading/unloading of material and equipment and maintaining stockpiles of aggregate and recycled material.

There is no agreement in place for the purchase of construction equipment. The last purchases of construction equipment were made in 2009.

By going to market for the purchase of nine (9) Municipal Backhoe Loaders, one (1) Cemetery Backhoe Loader, one (1) 1.5 Yard Excavator, one (1) 2.0 Yard Excavator, and two (2) Wheel Loaders, the City was able to take advantage of a weak supply market and use the leverage of a competitive process to procure the construction equipment as described above.

On October 6, 2011, the City issued the RFP, which was posted on BC Bid. The main objectives of the RFP were to obtain the following:

- Best value; and
- High quality construction equipment that meets the City's functional and performance requirements.

Six (6) proposals were received by Supply Management on November 29, 2011 and referred to the Evaluation Team for evaluation. The six (6) proposals were evaluated based on technical and business requirements, operational assessment by demonstration equipment, and pricing, with pre-defined weighted criteria.

To better conduct the technical evaluation and financial analysis the product requirements were broken down into five (5) construction equipment categories and they were evaluated separately:

Item	Equipment Category	Quantity
1	Municipal Backhoe Loaders	9
2	Cemetery Backhoe Loader	1
3	1.5 Yard Excavator	1
4	2.0 Yard Excavator	1
5	Wheel Loaders	2

DISCUSSION

After thorough evaluation of the proposals, Parker Pacific's and Finning's proposals provided the overall best value for the construction equipment in their relative categories.

Parker Pacific's backhoe loaders and excavators and Finning's wheel loaders also meet the City's business, technical, and operational requirements based on the following key strengths:

Municipal Backhoe Loader

Parker Pacific is the only unit with a straight boom that allows digging beneath buried utilities and street curbs during residential sewer connection work. Digging beneath the street infrastructure is more cost effective than removing it and having to carry out repair work after the work is completed. Parker Pacific's municipal backhoe loader's lifting capacity is 10 - 40% higher than other suppliers' units, and this helps increase the stability of the unit during the manoeuvring of pipe and shoring. This increased lifting capacity and stability increases

safety and the ability to control movement and reduces the likelihood of damage to the pipe and shoring.

Cemetery Backhoe Loader

Backhoe loaders operating in a cemetery operation are required to exert the lowest possible wheel and stabilizer ground pressure for manoeuvring and digging to minimize damage to grave sites, and Parker Pacific's cemetery backhoe loader's operating weight is 5%-20% lighter than the other suppliers' units.

1.5 and 2.0 Yard Excavator

Sewer Operations construction excavators dig trenches in close proximity to buildings, electrical utilities and traffic in adjacent lanes on the street. Parker Pacific's 1.5 yard excavator has the best visibility in close quarter operation. The proposed body design provides the best visibility from the cab in all directions, especially in the rearward direction. The increased visibility allows for more productive digging operation while increasing safety for the City crews and the public.

Wheel Loader

In 2009, the City's Ergonomist reviewed wheel loader operator controls and recommended a variety of operator controls to reduce the likelihood of repetitive stress injuries. Finning's wheel loader meets the City's mandatory base requirement for operator controls. It also has the highest lifting & loading clearances which reduce equipment downtime resulting from damage from impacts with material hoppers and transfer trailers. The unique cab layout removes the control console from the operator's line of site to the loading and dumping area in front of the machine that significantly increases visibility, which will improve safety and productivity by allowing faster load cycles and reduce operational damage and downtime from impacts with trucks and hoppers.

Computer aided mechanical diagnostic equipment and software will reduce downtime and repair costs by enabling City staff to diagnose mechanical defects at City work sites without having to schedule service through the supplier, thereby reduces rental replacement costs. Finning provides the best parts and service availability and they currently support a significantly larger fleet in British Columbia than the other suppliers.

Parker Pacific and Finning have previously supplied construction equipment to the City. The construction equipment awarded to both suppliers also have the lowest estimated annual costs, which includes loan repayment, historical resale values, fuel consumption, and downtime savings. Both suppliers have provided an excellent history of warranty, service and technical support of the City's construction equipment for over ten (10) years and they have offered to continue to provide comprehensive warranty programs and guaranteed 48-hour repair service, as requested in the RFP.

Green Fleet Considerations

All new and replacement equipment in the City fleet go through an environmental and rightsizing review process. This is to ensure that the equipment will not only meet the user's operational needs but that the selected equipment has the best combination of fuel efficiency and cost effectiveness.

All construction equipment recommended for award will be supplied with engines that have been certified by the U.S. Environmental Protection Agency ("EPA") as meeting Tier 4-I emissions standards for off-highway diesel equipment. EPA Tier 4-I certification is the highest

engine emissions certification currently available for construction equipment diesel engines. All excavators recommended in this report meet the City's requirement for regenerative hydraulic systems which reduce fuel consumption during digging operations. The *Canadian Environmental Protection Act, 1999* ("CEPA") regulations administered by Environment Canada mirror the EPA regulations for diesel engine exhaust emissions. Additionally Metro Vancouver has regulated off road diesel exhaust emissions by requiring operators to register and pay permit fees for non-Tier 4 engines, for which these units will be exempt. All items recommended provide the highest level of emission reduction of those offered by proponents.

All construction equipment recommended for award will be operated using B-20 bio-diesel which will reduce greenhouse gas emissions by 18% when compared with petrol diesel powered units. Higher greenhouse gas emissions reductions are possible through the use of higher blends of bio-fuel. Equipment with power plants alternative to bio-diesel such as battery electric, natural gas or liquid petroleum gas, are not commercially available for this class of construction equipment and were not proposed by the vendors. Hybrid electric drives are available for excavators however these units are too small and do not meet the City's requirements.

The Evaluation Team unanimously recommends the award of nine (9) municipal backhoe loaders, one (1) cemetery backhoe loader, one (1) 1.5 yard excavator and one (1) 2.0 yard excavator to Parker Pacific and two (2) wheel loaders to Finning at a combined total contract value of \$2,510,275 plus HST, with funding to be provided from the Truck and Equipment Plant Account.

FINANCIAL IMPLICATIONS

The total estimated award is \$2,510,275 plus HST for the initial supply and delivery of nine (9) municipal backhoe loaders, one (1) cemetery backhoe loader, one (1) 1.5 yard excavator, one (1) 2.0 yard excavator, and two (2) wheel loaders, with funding available from the Truck and Equipment Plant Account.

PERSONNEL IMPLICATIONS

There are no personnel implications.

IMPLEMENTATION PLAN

It is anticipated that nine (9) municipal backhoe loaders, one (1) cemetery backhoe loader, one (1) 1.5 yard excavator, one (1) 2.0 yard excavator, and two (2) wheel loaders 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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