

Clause 3 in Report No. 9 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on May 21, 2015.

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Award of Contracts for the Supply of Vehicle Tires

Committee of the Whole recommends adoption of the following recommendation contained in the report dated April 23, 2015 from the Commissioner of Transportation Services and Commissioner of Community and Health Services:

1. Recommendations

It is recommended that:

1. Council authorize the Commissioner of Transportation Services and Commissioner of Community and Health Services to negotiate and execute agreements between the Region and:
 - a) Goodyear Canada Inc. for the supply of vehicle tires for a maximum of five years, at a total cost not to exceed \$750,000, excluding applicable taxes;
 - b) Michelin North America (Canada) Inc. for the supply of vehicle tires for a maximum of five years, at a total cost not to exceed \$500,000, excluding applicable taxes.

2. Purpose

This cooperative report between Transportation Services, Fleet Services and Community and Health Services, Paramedic and Seniors Services seeks Council authorization to enter into direct purchase tire supply agreements with Goodyear Canada Inc. (Goodyear) and Michelin North America (Canada) Inc. (Michelin) for up to five years, where the total individual contract costs will exceed \$100,000.

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On June 26, 2014, Council adopted an amended Purchasing Bylaw which requires Council authorization to award direct purchases where compatibility of the purchase with existing equipment, facilities or services is of paramount consideration and the total costs exceed \$100,000.

3. Background

York Region Fleet Services and Paramedic and Seniors Services operate over 600 vehicles/equipment with tires

Fleet Services operates 505 units that make up a wide variety of specialized vehicles and equipment predominantly equipped with Goodyear tires. Paramedic and Seniors Services have 98 emergency response units equipped with Michelin tires.

The current cooperative purchase arrangement with York Region Police is no longer permitted

The existing contracts with Goodyear Canada Inc. and Michelin North America (Canada) Inc. were established in 2009 under a Province-wide cooperative contract through the Police Cooperative Purchasing Group. On August 15, 2014, Supplies and Services were notified by the Police Cooperative Purchasing Group that only Police agencies are able to use this arrangement since the basis for the contract was for speed rated pursuit tires.

Both vendors have expressed a willingness to enter into new agreements with the Region to extend manufacturer direct pricing, given the size of the Region's fleet and historical tire purchases.

4. Analysis and Options

A consistent tire supply is integral to delivering an efficient service

Tire compatibility requires all tires on a vehicle to be the same make and model. Mismatching tires can cause safety and driveability issues for the driver as well as premature tire wear. Since a brand change of one tire would require all tires to be changed on a vehicle, switching to an alternative tire manufacturer would result in the need to match tires per manufacturer recommendations and increase tire costs. This cost impact would be significant given that dump trucks each have ten tires and ambulances have six.

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The existing fleet is primarily outfitted with Goodyear and Michelin tires

Transportation Services and Paramedic and Seniors Services fleets are equipped and maintained with Goodyear or Michelin tires from long-standing contracts under the Police Cooperative Purchasing Group. Retaining a consistent tire manufacturer is of paramount consideration for compatibility with the existing fleet.

Through 2014, all Regional construction equipment and heavy duty trucks were provided with Goodyear tires from the vehicle manufacturer, and all ambulances with Michelin tires. Additionally, many light duty vehicles have these brands of tires factory installed.

An additional benefit of both Goodyear and Michelin is the availability of all-season tires that are “winter rated” as their tires are specifically designed for winter driving under Quebec’s Highway Safety Code Regulation. This eliminates the need to purchase and install “snow” tires. Historical practice by Fleet Services and Paramedic and Seniors Services has been to use these “winter rated” all-season tires in place of snow tires on vehicles required to regularly operate in adverse weather conditions.

Entering into new five-year agreements through the National Account Municipal Program represents the best value for the Region

The National Account Municipal Program offered by Goodyear Canada Inc. and Michelin North America (Canada) Inc. offers municipalities significant product discounts off their catalogue tire price for passenger, light truck, heavy truck and off-road tires. Both Goodyear and Michelin offer a fixed discount structure ranging from 12 to 50 per cent off the catalogue price for tires. Ninety per cent of the required tire purchases are within the 30 to 50 per cent discount category. Product discounts in this agreement are the same as those provided in the Police Cooperative Purchase Group agreement. The inflationary price adjustment for tires has been less than two per cent annually since 2009. Product discounts remain fixed over the five-year agreement.

This opportunity is being employed by other jurisdictions

Other government agencies currently taking advantage of the Goodyear/Michelin National Account Municipal Program include:

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- Cities of Burlington, Cornwall, Mississauga, Ottawa.
- Towns of Smith Falls, Rideau Lakes, South Glengarry
- County of Simcoe
- Regional Municipality of Peel

Council authorization is required under the Purchasing Bylaw for this direct purchase

The Purchasing Bylaw permits direct purchases under certain circumstances. Section 9.1(a) allows for direct purchase where the paramount consideration is the compatibility of a purchase with an existing equipment or service.

Council approval is required to award contracts under section 9.1 (a) where the total costs exceed \$100,000.

Link to key Council-approved plans

This report supports the 2015 to 2019 Strategic Plan priority area to provide responsive and efficient public service under the strategic objective of ensuring a fiscally prudent and efficient Region.

Also supported is Vision 2051's focus on fiscal responsibility, and practicing efficiency in service delivery and operations.

5. Financial Implications

The estimated five-year total costs are not expected to exceed \$750,000 for Fleet Services and \$500,000 for Paramedic and Seniors Services. The estimated costs are based on historical purchases, anticipated growth and contingency for unforeseen requirements. The five-year cost calculations consider preventative maintenance history, fleet size and fleet utilization.

The costs for the supply of tires will be managed within the approved Fleet Services and Paramedic and Seniors Services fleet operating budgets.

6. Local Municipal Impact

There are no direct municipal impacts as a result of this report. The award of these contracts would ensure that both fleets have sufficient supply of tires that meet required business needs.

7. Conclusion

Tire compatibility for the fleets of Transportation Services and Community and Health Services is essential to support continued operations. Both Goodyear Canada Inc. and Michelin North America (Canada) Inc. are long-term tire suppliers to the Region and have offered National Account Municipal Program pricing. This program provides advantageous pricing and has been entered into by many Ontario municipalities.

The Purchasing Bylaw requires Council approval for direct purchases over \$100,000. Transportation Services and Community and Health Services seek approval to award contracts for a maximum of five years, and at a total cost not to exceed \$750,000 for Goodyear Canada Inc., and \$500,000 for Michelin North America (Canada) Inc., excluding applicable taxes.

For more information on this report, please contact Jeff Meggitt, Fleet Manager, Transportation Services at ext. 75350 or Blair Croker, Commander/Program Manager, Fleet and Facilities, Paramedic and Seniors Services at ext. 74744.

The Senior Management Group has reviewed this report.

April 23, 2015

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