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Clause No. 11 in Report No. 5 of the Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting on March 27, 2014.

**HEAVY EQUIPMENT PURCHASE  
REQUEST FOR PROPOSAL P-13-110**

**Committee of the Whole recommends adoption of the following recommendations contained in the report dated February 24, 2014 from the Commissioner of Transportation and Community Planning:**

**1. RECOMMENDATIONS**

It is recommended that:

1. Council approve the award of the contract for the supply of heavy equipment, specifically 13 dump trucks plus attachments, to Galloway Motors Ltd., pursuant to Request for Proposal P-13-110, at a total cost of \$3,797,400, excluding HST, and authorize the execution of the contract on behalf of the Region.
2. Council authorize increasing the Capital Spending Authority for Project 99910, Fleet Replacement, by \$2,473,000, in order to replace all 13 dump trucks in 2014, which are beyond their scheduled replacement, to be funded from the Vehicle Replacement Reserve.

**2. PURPOSE**

This report seeks Council authorization to enter into a contract with Galloway Motors Ltd. to supply 13 dump trucks plus attachments for use by the Roads Branch, primarily for winter maintenance activities.

The Region's Purchasing Bylaw requires Council authorization to award a Request for Proposal over \$2,000,000 or when the recommended proponent is not the lowest cost. In this case, the recommended proponent has submitted the lowest bid, but is greater than \$2,000,000.

### **3. BACKGROUND**

#### **Replacing vehicles when they reach the end of their useful life is a fundamental component of a fleet management program**

Vehicle lifecycles are defined by the Fleet Services Division when vehicles are acquired and reviewed annually. Factors taken into consideration include impacts to operations from vehicle breakdowns, vehicle mileage, maintenance costs and residual value. When the age of a vehicle exceeds its useful life, it often costs more to maintain the vehicle than the vehicle is worth.

The capital replacement program ensures that in addition to annual operating costs, each department also pays for the replacement of the vehicle when it reaches the end of its useful life.

#### **13 dump trucks used primarily for winter maintenance will have reached the end of their vehicle lifecycle in 2014**

The Region owns 27 dump trucks which are operated by the Roads Branch. A dump truck is a key vehicle for a number of road maintenance functions including snow plowing and material spreading as part of the winter program. These heavy-duty trucks are on a ten-year replacement lifecycle, given their heavy use and harsh working environment.

### **4. ANALYSIS AND OPTIONS**

#### **Performance, reliability and maintainability are important considerations in the purchase of specialized equipment**

In the past, the procurement of vehicles and equipment has been accomplished through the use of tenders resulting in awards based solely on pricing. This has been problematic because the low bid approach in fleet assets often did not meet the needs of the users or achieve the best overall lifecycle cost of the asset when factors such as maintainability and reliability are incorporated. Additionally, assets from different suppliers and manufacturers complicate in-house maintenance processes and impact operator familiarity.

In order for staff to evaluate equipment on its merits beyond the purchase price, a Request for Proposal (RFP) process was used for the purchase of these dump trucks and includes evaluation criteria such as maintenance, safety, training and delivery. The RFP process has been successfully utilized in recent years for other major fleet acquisitions.

**The RFP evaluation process included a mandatory product demonstration to help evaluate the overall value of the equipment**

Through the RFP process, the proposals were evaluated based on a weighting of 80 per cent for the technical component and 20 per cent for the financial component.

The technical proposals were evaluated using the following criteria:

- Product Demonstration
- Qualifications and Experience
- Project Deliverables
- Operation, Maintainability and Compatibility
- Safety Features

**The proposal included nine trucks which incorporate a multi-functional design and four conventional dump trucks**

To maximize the usefulness of the heavy equipment, the proposal included nine multi-function trucks, in addition to four conventional dump trucks with integrated salt spreaders and snowplows. These unique units allow for the rapid removal and replacement of the “dump truck box” portion of the truck through a roll-on, roll-off design. This design allows the truck, with attachments, to effectively perform a number of different functions such as:

- Salt spreading
- Anti-icing
- Aggregate material hauling
- Street flushing
- Brush and debris removal

Currently, these functions are limited to specialized trucks which are only able to perform one function, and otherwise sit idle in the yard. This design allows one truck with multiple attachments to be more widely utilized for increased tasks.

**The proposal submitted by Galloway Motors Ltd. is the recommended option based on both the technical and financial scores**

The technical and financial scores were combined in accordance with the Purchasing Bylaw to determine the highest overall scoring bid as indicated in Table 1. The bid received by Galloway Motors Ltd. satisfied the evaluation criteria with the highest technical score and lowest financial submission.

**Table 1**  
 Evaluation Summary

<b>Company</b>	<b>Technical Score (Out of 80)</b>	<b>Financial Score (Out of 20)</b>	<b>Combined Score</b>	<b>Total Price</b>	<b>Dollar Cost Per Technical Point Methodology</b>
Galloway Motors Ltd.	58.30	20.00	78.30	\$3,797,375	\$65,135.07
Performance Equipment Ltd. (Mack Trucks)	57.00	19.20	76.20	\$3,961,656	\$69,502.74
Altruck International <sup>1</sup>	47.15	--	--	--	
Lewis Motor Sales Inc. <sup>2</sup>	Proposal submitted but non-compliant				
Performance Equipment Ltd. <sup>2</sup> (Volvo Trucks)	Proposal submitted but non-compliant				

Notes: 1. In accordance with the terms of the RFP, should a Proponent's bid receive a technical evaluated score less than 60%, this bid would not proceed to the evaluation of their pricing. This was the case for the bid evaluated by Altruck International.  
 2. Proposals received from Lewis Motor Sales Inc. and Performance Equipment Ltd. (representing Volvo Trucks) were deemed by the Region's Bid Review Committee to be non-compliant, and their proposals did not proceed to the evaluation stage.

The proposal from Galloway Motors Ltd. offers several advantages to the Region. Their proposal to supply Freightliner trucks aligns with the Region's existing heavy equipment fleet, which currently includes 20 trucks from this manufacturer, and staff are familiar with these vehicles from both maintenance and operations perspectives. Additionally, the snowplow and body supplier used by Galloway Motors Ltd. to build these dump trucks is Viking Cives Ltd., who is the supplier of all the Region's existing snowplows.

## 5. FINANCIAL IMPLICATIONS

Galloway Motors Ltd. achieved the highest total score and had the lowest cost (and lowest cost per technical point) of the proposals submitted. In the face of increasing maintenance costs and critical vehicle failures, it has become evident that it is no longer prudent to retain essential vehicles beyond their scheduled useful life. These trucks are crucial to provide winter roads maintenance activities and in light of increasing maintenance costs and breakdown occurrences, their lifecycle can no longer be extended. In 2013, repairs to seven units (currently beyond their scheduled replacement) were in excess of \$190,000.

Table 2 below shows a breakdown of the current and proposed Vehicle Replacement Capital Spending Authority:

**Table 2**  
Current and Proposed  
Capital Spending Authority for Vehicle Replacement

Description	CSA \$'000s
Scheduled replacement of dump trucks (at end of useful lifecycle)	1,325
Scheduled replacement of all other fleet vehicles	1,688
Current Capital Spending Authority	2,993
Replacement of additional dump trucks (beyond lifecycle)	2,473
Proposed 2014 Capital Spending Authority	5,466

The current 2014 Capital Spending Authority for Vehicle Replacement is \$2,993,000, which is committed to replace vehicles and equipment at the end of their lifecycle. The award of proposal P-13-110 to Galloway Motors Ltd. for the replacement of all 13 dump trucks would require additional Capital Spending Authority of \$2,473,000, bringing the total Capital Spending Authority for Vehicle Replacement in 2014 to \$5,466,000. The Vehicle Replacement Reserve is fully funded through contributions by user groups annually based on vehicles presently in service. Currently, this reserve has a balance of approximately \$20 million.

## **6. LOCAL MUNICIPAL IMPACT**

This equipment will be used primarily for winter maintenance of all Regional roads within each of the local municipalities.

## **7. CONCLUSION**

The award of proposal P-13-110 to Galloway Motors Ltd. will provide for the replacement of 13 existing dump trucks which are at the end of their useful life. This purchase will enable the Roads Branch to meet its regulated maintenance program, particularly for winter maintenance activities.

For more information on this report, please contact Brian Titherington, Director, Roads Branch, at ext. 75901.

The Senior Management Group has reviewed this report.