

To: Warden and Members of County Council

From: Director of Public Works

Procurement of Tandem Axle Plow Trucks

RECOMMENDATION

1. That County Council authorize additional funding in the amount of \$161,000 for the procurement of two tandem axle plow trucks, to be financed from the Roads Reserve.

REPORT HIGHLIGHTS

- The purpose of this report is to obtain County Council approval for additional funds to proceed with the procurement of two tandem axle plow trucks in accordance with the *Asset Management Plan*.
- Upon authorization from County Council of additional funds, and notification to Team Truck Center, it is anticipated that delivery of tandem axle plow trucks to Oxford County will be approximately 52 weeks.

Implementation Points

Upon approval of the recommendation contained in this report, staff will finalize the procurement of two tandem axle plow trucks and plow equipment with the approved bidder.

Financial Impact

Through the 2022 Budget, \$660,000 was allocated for the purchase of two tandem axle diesel plow trucks. Upon completion of the public tendering process, and analysis of the bid submissions, staff are requesting that an additional \$161,000 be allocated from the Roads Reserve in order to fund the budget shortfall and allow for the contract to be awarded to the selected bidder.

Contract amounts and funding sources for this contract are summarized in Table 1 below.

Table 1: Funding Summary for Two Tandem Axle Plow Trucks







2022 Budget Summary Account / Description	Bid Amount (excluding HST)
220374 – R-H-TANDEM Fleet Contract (Team Truck Center) New tandem axle plow truck.	\$393,865
220391 – R-H-TANDEM Fleet Contract (Team Truck Center) New tandem axle plow truck.	412,570
Non-Refundable HST (1.76%)	14,193
TOTAL ESTIMATED EXPENDITURES	\$820,628
Available 2022 Budget	660,000
BUDGET SHORTFALL	\$160,628

The Fleet Reserve is funded based on anticipated replacement costs, and is therefore unable to sustain the additional requirement resulting from this tender while continuing to meet ongoing capital replacement requirements. The 2022 budgeted closing balance of the Roads Reserve is \$11,748,028, which is sufficient to fund the additional requirement.

Communications

The two tandem plow trucks were publicly tendered on December 20, 2021, and closed on January 20, 2022. Once awarded, the tender results will be publicly displayed on the *Bids&Tenders* online portal and all bidders will be notified of the results.

Strategic Plan (2020-2022)

					
WORKS WELL TOGETHER	WELL CONNECTED	SHAPES THE FUTURE	INFORMS & ENGAGES	PERFORMS & DELIVERS	POSITIVE IMPACT
		3.iii.			

DISCUSSION

Background

The 2022 approved budget included funding to procure two new tandem snow plows and associated equipment to replace units 374 and 391 in accordance with the *Asset Management Plan*. The assets are nearing the end of their target useful life (nine years) and are scheduled to be replaced.

In order to align with the *Green Fleet Plan*, the units were tendered to include an anti-idling system. Due to the long lead time of this type of equipment, early procurement was approved in Report No. [PW 2021-34](#), and the tender was released in December of 2021.

Comments

As with a number of industries, heavy vehicle manufacturing has been faced with unprecedented challenges related to supply and demand. Delivery timelines for heavy truck orders are increasing and backlogging due to manufacturing shortages of products available to build vehicles, coupled with the costs of these materials reaching significant highs due to increased steel prices and general inflation.

At tender close on January 20, 2022, there were two submissions received which were evaluated by County staff. Upon review, it was noted that the two submissions were both over the approved budget, but were within 1% of one another, thus confirming that the pricing provided is in line with current market conditions. Further review validated that both submissions met the basic specifications, and also resulted in a number of highlights between the two submissions, which factored into the recommendation. The submissions received are outlined in Table 2 below.

Table 2: Tender Submission Highlights

Bid Price (incl. non refundable HST)	Submissions	Brand	Delivery Time	Emissions Warranty Coverage	Heated Windshield
\$820,628	Team Truck Center	Western Star	52 weeks	5 Years	Yes
\$810,788	Carrier Center	International	68 weeks	2 Years	No

While the Carrier Center bid price was lower, it included a clause that price change surcharges, resulting from an uncertain supply market, will be added to final truck invoices as separate line items upon final invoicing. While this bid was slightly less, this clause brings risk of financial escalation. Therefore, the submission received from Team Truck Center was determined to be the most appropriate bid for the County.

As made evident through this tendering process, the current market challenges have impacted the price of tandem snow plows and associated equipment. While manufacturing capacity has been reduced due to material and shipping factors, the demand side of the market has not changed, as validated by industry contacts.

This has caused a backlog which will not be rectified in the near term, as multiple clients, including Oxford County, continue to update their respective fleets. Based on these factors, it is expected that replacement costs for future procurement of tandem axle plow trucks will remain at a higher level for years to come. Staff feel it is still good value to proceed with the procurement, as maintenance costs from 2020 to 2021 increased by 19% and 23% for units 391 and 374, respectively. The increase in replacement cost will be factored into the annual charge out through the 2023 Business Plan and Budget process.

Conclusions

Staff recommend that \$161,000 be transferred from the Roads Reserve to address the budget shortfall in procuring two new tandem plows in order to align with the County's *Asset Management Plan*.

SIGNATURES

Report Author:

Original signed by

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Departmental Approval:

Original signed by

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Director of Public Works

Approved for submission:

Original signed by

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