

**To:** **COUNCIL**

**Meeting Date:** **11/09/2021**

**Subject:** **FPO21-96 Pumper Fire Trucks**

**Submitted By:** **Sheryl Ayres, Chief Financial Officer**

**Prepared By:** **Brian Arnold, Fire Chief**

**Report No.:** **21-325(CRS)**

**File No.:** **C1101**

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## **Recommendation(s)**

THAT Report 21-325(CRS) FPO21-96 Pumper Fire Trucks be received;

AND THAT Council adopt OPTION B, as outlined in the Financial Impact section of this report;

AND THAT Council pre-approve a 2022 capital project budget of \$1,050,655 to be funded from the Equipment Reserve Fund – Fire;

AND THAT Council pre-approve a 2023 capital project budget of \$1,050,655 to be funded from the Equipment Reserve Fund – Fire;

AND THAT Council approve the transfers to/from Reserve Funds as outlined in the Financial Impact section of this report;

AND FURTHER THAT Council approve Option B as outlined in the report for the award of Hybrid Pumper Fire Trucks to Commercial Truck Equipment Company of Delta, BC for the total cost of \$1,543,996 in U.S. Funds, this being part of a Co-operative Purchasing program.

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## **Executive Summary**

### **Purpose**

- Council approval is required for approval of a capital project budget and to transfer funding to the capital project as detailed herein.

## Key Findings

- A capital project is included in the 2022 Capital Budget Forecast for the replacement of a pumper fire truck. Lead time to order the truck is 12-14 months, and there is a known cost increase of 7.5% as of January 1, 2022.
- Another capital project is included in the 2023 Capital Budget Forecast for the replacement of a second pumper fire truck. There are known cost increases of another 7.5% as of January 2023.
- Pre-approval of the 2022 and 2023 capital projects is required in 2021 in order to enter into a commitment to purchase the pumper fire trucks and guarantee saving the annualized 7.5% price increase.
- Budgeted funds will not be expended until delivery of the trucks in 2022 and 2023, respectively.
- The pumper fire trucks are part of a Co-operative Purchasing program through the Ontario Association of Municipalities (AMO) Local Authority Services (LAS).
- Two options are being proposed for the purchase of the pumper trucks. Option A is a standard truck and Option B is for trucks with hybrid technology to reduce greenhouse gas (GHG) emissions.

## Financial Implications

The Financial Implications of the two options for the purchase of fire pumper trucks are as follows.

### OPTION A

- Pre-approval of a budget for 2022 and 2023 for the purchase of standard pumper trucks at a cost of \$1,021,428 each.
- This option results in a net budget savings of \$50,967 (\$20,565 over the 2022 capital budget forecast and \$71,532 below the 2023 capital budget forecast).

### OPTION B

- Pre-approval of a budget for 2022 and 2023 for the purchase of pumper trucks with hybrid technology to reduce greenhouse gas (GHG) emissions at a cost of \$1,050,655 each.
- This option results in a net budget increase of \$7,485 (\$49,791 over the 2022 capital budget forecast and \$42,306 below the 2023 capital budget forecast).

Staff are recommending Option B for the purchase of pumper fire trucks with hybrid technology.

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## Background

The 2022 Capital Budget Forecast includes a project for the replacement of a pumper fire truck. The 2023 Capital Budget Forecast also includes a project for another replacement of a pumper fire truck.

Built in 2008, the current pumper trucks will be 14 years old in 2022. They were manufactured by American LaFrance, a company which ceased operations in 2014. Sourcing parts is very difficult; many components need to be fabricated leading to considerable downtime (out of service) and expense. Despite excellent maintenance provided by Mechanical Division staff, the functionality of key components such as electrical and emergency lighting systems and fire pump operations are increasingly unreliable.

Vehicle age and condition assessments are consistent with the life-cycle planning parameters for replacement of frontline pumper trucks set out within the Cambridge Fire Department Apparatus Replacement Policy A09 ADM 012.

Due to a 12 to 14-month lead time for the truck to be built and delivered, pre-approval of the budget is required in 2021 to ensure one truck is delivered and paid for before the end of 2022. The second truck would not be delivered and paid for until early 2023.

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## Analysis

### Strategic Alignment

PEOPLE To actively engage, inform and create opportunities for people to participate in community building – making Cambridge a better place to live, work, play and learn for all.

Goal #2 - Governance and Leadership

Objective 2.5 Focus on the responsible management of financial resources, ensuring transparency and accountability.

Local Authority Services (LAS) is the business services arm of the Association of Municipalities of Ontario (AMO). LAS offers a municipal group buying program operated by Canoe Procurement Group of Canada.

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## Comments

This cooperative purchasing program includes fire apparatus, PPE and equipment. All offerings have undergone a formal competitive bid process on behalf of Ontario's municipalities, ensuring compliance with purchasing bylaws and trade agreements.

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## Existing Policy/By-Law

Under Procurement By-law 19-187, 18.1 states “The City may participate with other government agencies or members of the Broader Public Service in Co-operative Procurement initiatives where it is in the best interests of the City to do so.”

18.2 further states “The purchasing policies of the originating co-operative (or lead agency) shall form the basis of accepted policy and procedure when participating in, or call, co-operative Bids and this by-law shall be otherwise waived. The City will review the originating co-operatives’ purchasing policies before entering a Co-operative Procurement arrangement.”

The Manager of Purchasing has reviewed the purchasing policies of AMO’s Local Authority Services (LAS).

This procurement requires approval from Council.

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## Financial Impact

The staff recommendation is to purchase two pumper fire trucks with hybrid technology. The purchase price for each hybrid fire truck is \$771,997 or a total of \$1,543,995 in US\$. The total purchase price including the estimated US exchange rate, additional equipment to outfit the trucks and non-refundable HST is \$1,050,148 per truck or a total of \$2,100,295 as summarized in the table below.

	Per Truck	Total for two trucks
Purchase price	\$ 749,657	\$ 1,499,315
Hybrid technology	22,340	44,680
Price in US\$	771,997	1,543,995
US exchange	220,482	440,965
Additional equipment	40,000	80,000
HST	18,174	36,348
Total purchase price	\$ 1,050,654	\$ 2,101,307

In order to enter into a commitment to purchase the fire trucks, the 2022 and 2023 capital projects included in the capital forecast require pre-approval from Council. This approval ensures that the commitment to purchase the trucks can be made but the City will not take delivery of the trucks until the year in which the budget is approved to be spent.

The 2022 capital budget includes a project in the amount of \$1,000,863. Under Option A and Option B the purchase price of the truck exceeds the budget and will require additional funding, as outlined in the table below. The 2023 capital budget includes a project in the amount of \$1,092,960 and will result in savings under Option A and a

small deficit in Option B as outlined below. The staff recommendation to purchase fire pumper trucks with hybrid technology will result in an overall shortfall of \$7,485 between the 2022 and 2023 budgets combined.

	Option A	Option B
2022 Capital Forecast	1,000,863	1,000,863
Pumper Fire Truck - Purchase Price	1,021,428	1,050,654
Over/(Under) Budget	20,565	49,791
2023 Capital Forecast	1,092,960	1,092,960
Pumper Fire Truck - Purchase Price	1,021,428	1,050,654
Over/(Under) Budget	( 71,532)	( 42,306)
Net Additional Funding/(Savings)	( 50,967)	7,485

The purchase price is in USD and staff will be identifying options to mitigate any risk in fluctuations of the exchange rate prior to the funds being expended.

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## Public Input

The Canadian Free Trade Agreement (CFTA) requires any municipality wanting to participate in a buying group to publish a declaration of its intent.

The City of Cambridge has posted the following declaration on our tendering website for a minimum of two weeks:

The City of Cambridge intends to participate in one or more procurements conducted by Local Authority Services (LAS) between November 2021 to February 2023. For further information and access to LAS request for proposal (RFP) notices, please review the website at [www.las.on.ca](http://www.las.on.ca).

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## Internal/External Consultation

Group purchasing documents were compiled by Procurement, however the detailed specifications were prepared and submitted to Procurement by the Fire Department.

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## Conclusion

Council approval of the capital project budgets and funding from the Equipment Replacement Reserve Fund - Fire is required to award Pumper Fire Trucks.

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## Signature

### Division Approval

Reviewed by Legal Services



**Name: Sheryl Ayres**

**Title: Chief Financial Officer**

### Departmental Approval



**Name: Dave Bush**

**Title: Deputy City Manager**

### City Manager Approval



**Name: David Calder**

**Title: City Manager**

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## Attachments

- N/A