

Award of Contract FES23-160 Supply and Delivery of Pumper Fire Trucks

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Recommended by:	General Manager of Community Safety

Report Summary

Council allocated a budget of \$750,000 and \$950,000 in 2022 and 2023 respectively for two pumper fire trucks. The lowest bid from Request for Tender FES23-160 surpassed this budget. This report requests approval to proceed with the acquisition of one pumper fire truck and presents an alternative option should Council wish to proceed with the acquisition of two trucks as planned.

Resolutions

Resolution 1:

THAT the City of Greater Sudbury approves the Contract Award for the purchase of one pumper fire truck in the amount of \$1,460,000 with Dependable Truck and Tank Limited, by combining the Council-approved 2022 and 2023 Capital Budgets, which were for two pumper fire trucks, as indicated in the report entitled "Award of Contract FES23-160 Supply and Delivery of Pumper Fire Trucks", from the General Manager of Community Safety, as presented at the City Council meeting on October 24, 2023.

Resolution 2:

THAT the City of Greater Sudbury approves the purchase of a second pumper fire truck in the amount of \$1,460,000 with additional funding of \$1,220,000 from the Capital Financing Reserve Fund - General as indicated in the report entitled "Award of Contract FES23-160 Supply and Delivery of Pumper Fire Trucks", from the General Manager of Community Safety, as presented at the City Council meeting on October 24, 2023.

Relationship to the Strategic Plan, Health Impact Assessment and Community Energy & Emissions Plan (CEEP)

This report refers to operational matters and has no direct connection to the Community Energy & Emissions Plan (CEEP).

Financial Implications

If approved, the project budget for the purchase of two pumper fire trucks will increase from \$1,700,000 to \$2,920,000 total with the additional funding of \$1,220,000 from the Capital Financing Reserve Fund - General. This additional funding from the reserve fund represents approximately 5 per cent of the fund's uncommitted balance.

Background

Budget Allocation

In 2022, Council approved a Capital Budget in the amount of \$750,000 for the purchase of one pumper fire truck to replace an existing truck that was at end-of-life.

In 2023, Council approved a Capital Budget in the amount of \$950,000 for the purchase of one pumper fire truck to replace an existing truck that was at end-of-life.

Procurement Process

The three pumper fire trucks that were approved and purchased in 2019 had significant issues in manufacturing due to the pandemic, resulting in a delivery date of December 2021. Further warranty issues and significant safety recalls additionally delayed the in-service date to mid-2022. Based on the experience of the 2019 purchase, staff choose to ensure the identified issues were resolved prior to completing the updated procurement process. Staff focused their efforts on the review, analysis and development of standardized pumper fire truck specifications to ensure that any truck purchased moving forward would be appropriate for the City's operational requirements and geographical region.

Staff issued a Bid Solicitation (RFT FES23-104) on January 19, 2023, with a closing date of March 28, 2023. The City received only one Bid at a cost of \$1,413,832. The Bid was non-complaint, and the Bidder was disqualified. This tender was disqualified because, despite indicating the bid met all mandatory requirements, staff's review of the tender indicated it did not meet/provide all mandatory requirements. Staff reviewed and reduced the mandatory requirements to increase the tender's competitiveness in the market.

A new Bid Solicitation (RFT FES23-160) was issued on July 17, 2023, and closed on September 27, 2023, with two compliant Bids. The Bid Solicitation was originally open for an extended period due to the contract value, complexity, and time needed to respond to questions and requests for alternatives, which requires an examination of proposed alternatives. In addition, the Bid Solicitation open period was further extended due to changes in the pumper fire truck specifications and at the request of prospective Bidders.

The tender closed on September 27, 2023, with two bids. The higher of the two bids of \$1,529,336 was disqualified as it did not meet all mandatory requirements. Dependable Truck and Tank Limited was the only compliant bid of \$1,460,000, and subject to Council's consideration of this report, would be awarded the tender.

Analysis

The annual price increase for the purchase of a pumper fire truck over the last five years is unprecedented. The annual price increase prior to 2020 was approximately three to five percent annually. Fire Services across Canada have experienced substantial annual price increases since 2019. In 2020, Greater Sudbury Fire Services purchased three KME pumper fire trucks at a cost of \$788,010 per apparatus. From 2020 to 2023 the annual price increase has risen by 82 per cent (approximately \$600,000 per apparatus). In speaking with the Ontario Association of Fire Chiefs it has been recognized provincially that all municipalities are facing significant challenges in purchasing fire apparatus due to the increased costing.

Consultation with fire apparatus manufacturers has provided some clarification and reasoning for the substantial cost increase of Fire apparatus. Manufacturers have provided the following rationale.

Over the past few years there has been a significant price increase in the cost of manufacturing worldwide, which includes the manufacturing of fire trucks. In the years prior to COVID, it was standard to see a 3 to 5 per cent price increase per year. However, during the last 3 to 4 years, we have been experiencing price increases anywhere between 10 to 15 per cent quarterly. Also, within the last 4 years, the US-CAN exchange rate climbed approximately 12 to 18 per cent which is a significant factor when purchasing

pumps, chassis, water tanks and other vital components for fire trucks.

In 2023, Cummins announced they are discontinuing the current standard diesel engine (the most common engine used in fire apparatus), forcing customers to upgrade to the new Cummins X12 engine. This upgrade requires the transmission to also be upgraded increasing the cost of the driveline and other components, adding to the overall cost increase of approximately \$100,000.

The time associated with the manufacturing, testing and delivery of fire apparatus has increased substantially over the last three to four years. Prior to COVID, the estimated time of arrival from start of manufacturing to delivery was approximately 12 to 14 months.

This compliant tender has stipulated that the expected delivery date is approximately 750 days. The prices for the supply and delivery of pumper fire trucks are a fixed cost.

Fire Services currently maintains a fleet of 22 Frontline pumper fire trucks and five Reserve pumper fire trucks. Of the 22 Frontline pumper fire trucks, there are currently six that are over 20 years of age and do not provide any credit towards FUS ratings (Stations 7, 15, 17, 21, 23, and 24). Out of the four Reserve fire pumper trucks, two are over 20 years of age. Through Council approved station consolidation, with the construction of the new Garson station, the pumper fire truck from Falconbridge would be eliminated. The renovation and expansion of the Val Therese station will also result in the reduction of one pumper fire truck that will not require replacement due to Val Caron and Hanmer being consolidated into Val Therese.

In the 2023 four-year Capital Budget proposal, Fire Services has budgeted for the purchase of five pumper fire trucks between 2025 and 2027 (two trucks in 2025, one trucks in 2026 and three trucks in 2027).

A delay in purchasing two pumper fire trucks in 2023 would:

- Compound the need for additional pumper fire trucks in future budgets at a higher cost.
- Require additional budget
- Most likely result in further cost escalation
- Further delay asset renewal

Conversely, purchasing two pumper fire trucks in 2023 would:

- Continue with vehicle procurement/Asset Renewal Strategy
- Replace aging fleet to minimize impact of maintenance cost and vehicle availability due to down time
- Maintain or improve current FUS rating with vehicles within proper service life
- Decrease apparatus shuffling due to maintenance needs
- Align with our Apparatus Standardization Plan

Conclusion

Staff recommend combining the Council approved 2022 and 2023 Capital Budget for the purchase of two pumper fire trucks with the additional funding of \$1,220,000 from the Capital Financing Reserve Fund – General, as outlined in this report.