



## REPORT FOR ACTION

# Amendment to Blanket Contract 47021793 with Enterprise Rent A Car Canada for Short-term Vehicle Rental Services

**Date:** May 21, 2020

**To:** City Council

**From:** General Manager, Fleet Services and Chief Purchasing Officer

**Wards:** All

### SUMMARY

---

The purpose of this report is to seek authority to amend Blanket Contract 47021793 awarded to Enterprise Rent A Car Company Canada for short-term vehicle rental services.

Fleet Services is requesting an additional amount of \$5,402,281 net of all applicable taxes (\$5,497,361 net of HST recoveries) revising the contract value from \$10,929,893 to 16,332,174 net of all applicable taxes (\$16,619,620 net of HST recoveries) for the entire duration of the contract, inclusive of all option renewal years.

The requested amendment is required to account for the anticipated over-expenditures due to increased demands for short term vehicle requirements from City to support the 2020 Labour Disruption (LD) planning activities and the COVID-19 pandemic. The requested amendment will ensure that the current and future year periods have sufficient value to allow for continuity of service delivery for short-term vehicle rentals to support COVID-19 and service delivery requirements of City Divisions.

### RECOMMENDATIONS

---

The General Manager, Fleet Services and the Chief Purchasing Officer, recommend that:

1. City Council grant authority to the General Manager, Fleet Services to amend Blanket Contract 47021793 with Enterprise Rent A Car Company Canada in the amount of \$5,402,281 net of all applicable taxes (\$5,497,361 net of HST recoveries) revising the current Blanket Contact value from \$10,929,893 to \$16,332,174 net of all applicable taxes (\$16,619,620 net of HST recoveries) for the entire duration of the contract, inclusive of all option renewal years.

## FINANCIAL IMPACT

The total potential cost of this contract amendment inclusive of all option years is \$6,104,578 including all taxes and charges. The cost to the City is \$5,497,361 net of HST recoveries.

Funding in the amount of \$599,298 net of HST recoveries is included in the 2020 Approved Operating Budget for Fleet Services. Funding for years 2021 and beyond will be included in future year Operating Budget Submissions as required.

Additional funding in the amount of \$1,637,240 net of HST recoveries to support COVID-19 activities are required. The financial impact will be funded by decreases in other expenditures as a result of the COVID-19 pandemic such as fuel demand and price decreases, underspending in salaries & benefits and vehicle maintenance. There will be no expected impact on net expenditures in 2020 as the savings will be used to offset the additional short term rental costs.

LD Planning costs are estimated to be \$805,000 net of HST recoveries and are being tracked against cost centre NPFL00.

<b>Cost Centre (group) / Cost Element</b>	<b>Current Contract Term</b>	<b>Option Year 2 (Oct 8, 2020 - Oct 7, 2021)</b>	<b>Option Year 3 (Oct 8, 2021 - Oct 7, 2022)</b>	<b>Option Year 4 (Oct 8, 2022 - Oct 7, 2023)</b>	<b>Total Amendment Value (Net of HST recoveries)</b>
FL7003/4510/ FAC 3310200000	\$599,298	\$779,008	\$817,959	\$858,856	\$3,055,121
LD Planning NPFL00/4510/ FAC 7130000000	\$805,000				\$805,000
COVID-19 FL7003/4510/ FAC 7160000000	\$1,637,240				\$1,637,240
<b>Total</b>	<b>\$3,041,538</b>	<b>\$779,008</b>	<b>\$817,959</b>	<b>\$858,856</b>	<b>\$5,497,361</b>

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information

## DECISION HISTORY

---

On October 24, 2018, Bid Award Panel awarded two Contracts for the non-exclusive supply of rental vehicles to two Vendors, New Horizon Car and Truck Rentals Ltd. and Enterprise Rent-A-Car Company, as result of RFQ 6106-18-0097

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.BA103.1>.

On January 30, 2019, Bid Award Panel rescinded the New Horizon Car and Truck Rentals Ltd. portion of the award and re-awarded it to Enterprise Rent-A-Car Company

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.BA10.7>

## COMMENTS

---

The process to issue a new RFQ for short term rental vehicles began early 2018. Historical short term rental data from 2013 to 2017 was used to estimate the demand and requirements for this service. During 2018, there was a substantial increase in demand from end users. The increase continued into 2019 and is expected to continue for the remainder of 2020 and into the future years of the contract. Table 1 summarizes the demand for rental vehicles for the period 2017 - 2019.

Table 1: Historical Divisional Rental Demand

Number of Rental Months			
Division	2017	2018	2019
Parks Forestry & Recreation	1,513	1,514	1,654
Solid Waste Management	186	350	206
Toronto Water	354	534	750
Transportation Services	76	225	286
Others	66	155	148
Total	2,195	2,778	3,044
Percentage Annual Increase		27%	10%

Rental vehicle requirements to support LD planning commenced in December 2019. A total of 330 vehicles were deployed by Divisions for LD purposes. Although a LD did not occur, there was a need for vehicles to remain with Client Divisions due to the COVID-19 Pandemic. 180 rental units were initially kept and repurposed to support COVID-19 activities and maintain physical distancing for employees. Fleet Services is expecting that rental needs to support COVID-19 will continue to increase until the end of the current contract term as the physical distancing measures are expanded as

program service delivery starts to increase for the summer season. The total spending to support these 2 initiatives is estimated to cost \$2,400,000.

Table 2 summarizes the additional funds required for the current term of the Contract and the remaining 3 option years. The amounts for the duration of the agreement reflect an estimated 3% annual and a 5% increase in year-over-year rental vehicle acquisitions.

Table 2: Summary of Additional Funds Required by Contract Year Net of All Applicable Taxes and Charges

Contract Year	Contract Value (\$)	Additional Funds Required (\$)			Total Amended Contract Value (\$)
		Increased Demand	LD / COVID-19	Total	
Current Contract Period (Incl. Option Year 1)	4,168,963	588,932	2,400,000	2,988,932	7,157,895
Option Year 2	2,187,366	765,535		765,535	2,952,901
Option Year 3	2,252,987	803,812		803,812	3,056,799
Option Year 4	2,320,577	844,002		844,002	3,164,579
Total	10,929,893	3,002,281	2,400,000	5,402,281	16,332,174

## CONTACT

---

David Tran, Manager, Fleet Contracts, Fleet Services  
 Tel: (416) 338-7857, Email: [David.Tran@toronto.ca](mailto:David.Tran@toronto.ca).

Elena Caruso, Manager, Goods and Services Purchasing and Materials Management  
 Tel: (416) 392-7316, Email: [Elena.Caruso@toronto.ca](mailto:Elena.Caruso@toronto.ca)

**SIGNATURE**

---

Lloyd Brierley  
General Manager,  
Fleet Services

Michael Pacholok  
Chief Purchasing Officer,  
Purchasing & Materials Management