

Amendment to Purchase Order No. 6050803 with City Buick Chevrolet Cadillac the Authorized dealer for General Motors of Canada Company under VOR No. OSS-00634452 for the provision of vehicle acquisition and up-fitting

Date: November 16, 2020

To: General Government and Licensing Committee

From: General Manager, Fleet Services Division and Chief Procurement Officer

Wards: All

SUMMARY

The purpose of this report is to seek authority from City Council to amend and increase Purchase Order No. 6050803 issued to City Buick Chevrolet Cadillac the authorized dealer for General Motors of Canada Company under the Vendor of Record (VOR) No. OSS-00634452, for the provision of vehicle acquisitions and up-fitting - Category 1A - General Vehicle Acquisition, for various divisions as part of the Centralized Model. The total Purchase Order Amendment being requested is for an additional amount of \$21,577,224 net of HST and all applicable charges (\$21,956,983 net of HST recoveries).

Should the optional years be extended by the Ministry of Government and Consumer Services for the final year, the General Manager, Fleet Services Division is seeking authority to extend the term to include the second 2nd optional year term from July 1, 2023 to June 30, 2024 for additional vehicle acquisitions and up-fitting, in accordance with the Vendor of Record (VOR) No. OSS-00634452.

The initial term of the Contract is from September 14, 2018 to June 30, 2022 with the option to renew the Contract for two (2) additional separate one (1) year terms.

By adopting the manufacturer-direct service delivery model with General Motors of Canada Company under the Vendor of Record (VOR) No. OSS-00634452 Fleet Services anticipates a total cost avoidance of \$6,924,412 will be realized during the contract term, including any optional years. This includes \$1,362,060, for Toronto Paramedic Services and Toronto Fire Services as part of this amendment.

This agreement also provides considerable efficiency improvements through increasing delivery time by 50-70%, which directly supports the reduction of vehicle downtime and state of good repair backlog (SOGR) reduction, resulting in reduced costs and improved service levels.

RECOMMENDATIONS

The General Manager, Fleet Services Division and Chief Procurement Officer recommend that:

1. City Council grant authority to the General Manager, Fleet Services Division to amend Purchase Order No. 6050803 by increasing the Purchase Order value by \$21,577,224 net of HST and all applicable charges (or \$21,956,983 net of HST recoveries), revising the current Purchase Order value from \$17,211,134 to \$38,788,358 net of HST and all applicable charges (\$39,471,033 net of HST recoveries) and to extend the term of the Purchase Order to include the second optional year team under the provisions of the Vendor of Record (VOR) No. OSS-00634452, from July 1, 2023 to June 30, 2024, to be exercised at the sole discretion of the General Manager, Fleet Services.

FINANCIAL IMPACT

The total potential cost to the City identified in this report, including all optional renewal terms is \$21,577,224 net of HST and all applicable charges. The total potential cost to the City is \$ 21,956,983 net of HST recoveries.

Funding in the amount of \$2,399,300 net of HST recoveries has been included in the 2021 Recommended Capital Budget for Fleet Services for replacement vehicles and upfitting for various divisions and funding in the amount of \$242,779 net of HST recoveries has been included in the 2021 Recommended Capital Budget for Toronto Paramedic Services (TPS) for new TPS vehicles. Additional funding will be included in their 2022 Capital Budget Submissions, as detailed in Tables 1 to 11 to follow.

Should the City choose to exercise the option to renew for an additional two (2) separate one (1) year terms, then appropriate additional funding will be included in the 2022-2024 annual Capital Budget Submissions for Fleet Services and Toronto Paramedic Services.

The amounts for the entire duration of the Contract amendment reflect an estimated 3% annual increase in the Consumer Price Index.

Table 1: Financial Summary of Recommended Purchase Order Amendment - Fleet Services Division Capital Budget CFL013 (Toronto Paramedic Services replacement vehicles)

Toronto Paramedic Services Fleet Services Capital Budget CFL013 Cost Element: 3120	Net of HST recoveries
Initial Year Period From January 1, 2021 to December 31, 2021	866,799
Initial Year Period From January 1, 2022 to June 30, 2022	1,771,118
Option Year 1 From July 1, 2022 to June 30, 2023	1,779,910
Option Year 2 From July 1, 2023 to June 30, 2024	1,833,308
Total Cost from January 1, 2021 to June 30, 2024	6,251,135

Table 2: Financial Summary of Recommendation Purchase Order Amendment - Toronto Paramedic Services Capital Budget CAM072 (TPS new vehicles)

Toronto Paramedic Services Capital Budget CAM072 Cost Element: 3120	Net of HST recoveries
Initial Year Period From January 1, 2021 to December 31, 2021	242,779
Initial Year Period From January 1, 2022 to June 30, 2022	250,063
Option Year 1 From July 1, 2022 to June 30, 2023	257,564
Option Year 2 From July 1, 2023 to June 30, 2024	265,291
Total Cost from January 1, 2021 to June 30, 2024	1,015,697

Table 3: Financial Summary of Recommended Purchase Order Amendment - Fleet Services Division Capital Budget CFL014 (Toronto Fire Services replacement vehicles)

Toronto Fire Services Fleet Services Capital Budget CFL014 Cost Element: 3120	Net of HST recoveries
Initial Year Period From January 1, 2021 to December 31, 2021	262,518
Initial Year Period From January 1, 2022 to June 30, 2022	267,647
Option Year 1 From July 1, 2022 to June 30, 2023	275,677
Option Year 2 From July 1, 2023 to June 30, 2024	567,894
Total Cost from January 1, 2021 to June 30, 2024	1,373,736

Table 4: Financial Summary of Recommended Purchase Order Amendment - Fleet Services Division Capital Budget CFL052 (City Manager's Office replacement vehicles)

City Manager's Office Fleet Services Capital Budget CFL052 Cost Element: 3120	Net of HST recoveries
Initial Year Period From January 1, 2021 to December 31, 2021	0
Initial Year Period From January 1, 2022 to June 30, 2022	35,330
Option Year 1 From July 1, 2022 to June 30, 2023	0
Option Year 2 From July 1, 2023 to June 30, 2024	0
Total Cost from January 1, 2021 to June 30, 2024	35,330

Table 5: Financial Summary of Recommended Purchase Order Amendment - Fleet Services Division Capital Budget CFL009 (Engineering & Construction Services replacement vehicles)

Amendment to Purchase Order 6050803

Engineering & Construction Services Fleet Services Capital Budget CFL009 Cost Element: 3120	Net of HST recoveries
Initial Year Period From January 1, 2021 to December 31, 2021	0
Initial Year Period From January 1, 2022 to June 30, 2022	0
Option Year 1 From July 1, 2022 to June 30, 2023	0
Option Year 2 From July 1, 2023 to June 30, 2024	142,292
Total Cost from January 1, 2021 to June 30, 2024	142,292

Table 6: Financial Summary of Recommended Purchase Order Amendment - Fleet Services Division Capital Budget CFL036 (Facilities Management replacement vehicles)

Facilities Management Fleet Services Capital Budget CFL036 Cost Element: 3120	Net of HST recoveries
Initial Year Period From January 1, 2021 to December 31, 2021	32,687
Initial Year Period From January 1, 2022 to June 30, 2022	335,156
Option Year 1 From July 1, 2022 to June 30, 2023	40,697
Option Year 2 From July 1, 2023 to June 30, 2024	631,054
Total Cost from January 1, 2021 to June 30, 2024	1,039,594

Table 7: Financial Summary of Recommended Purchase Order Amendment - Fleet Services Division Capital Budget CFL068 (EV Program replacement vehicles)

EV Program Fleet Services Capital Budget CFL068 Cost Element: 3120	Net of HST recoveries
Initial Year Period From January 1, 2021 to December 31, 2021	291,853
Initial Year Period From January 1, 2022 to June 30, 2022	285,597
Option Year 1 From July 1, 2022 to June 30, 2023	608,877
Option Year 2 From July 1, 2023 to June 30, 2024	608,877
Total Cost from January 1, 2021 to June 30, 2024	1,795,204

Table 8: Financial Summary of Recommended Purchase Order Amendment - Fleet Services Division Capital Budget CFL007 (Municipal Licensing)

Municipal Licensing Fleet Services Capital Budget CFL007 Cost Element: 3120	Net of HST recoveries
Initial Year Period From January 1, 2021 to December 31, 2021	203,332
Initial Year Period From January 1, 2022 to June 30, 2022	287,153
Option Year 1 From July 1, 2022 to June 30, 2023	304,164
Option Year 2 From July 1, 2023 to June 30, 2024	856,132
Total Cost from January 1, 2021 to June 30, 2024	1,650,781

Table 9: Financial Summary of Recommended Purchase Order Amendment - Fleet Services Division Capital Budget CFL005 (Parks, Forestry & Recreation replacement vehicles)

Parks, Forestry & Recreation Fleet Services Capital Budget CFL005 Cost Element: 3120	Net of HST recoveries
Initial Year Period From January 1, 2021 to December 31, 2021	175,214
Initial Year Period From January 1, 2022 to June 30, 2022	1,038,039
Option Year 1 From July 1, 2022 to June 30, 2023	1,038,039
Option Year 2 From July 1, 2023 to June 30, 2024	1,401,877
Total Cost from January 1, 2021 to June 30, 2024	3,653,169

Table 10: Financial Summary of Recommended Purchase Order Amendment - Fleet Services Division Capital Budget CFL049 (Toronto Community Housing replacement vehicles)

Toronto Community Housing Fleet Services Capital Budget CFL049 Cost Element: 3120	Net of HST recoveries
Initial Year Period From January 1, 2021 to December 31, 2021	566,897
Initial Year Period From January 1, 2022 to June 30, 2022	354,707
Option Year 1 From July 1, 2022 to June 30, 2023	532,989
Option Year 2 From July 1, 2023 to June 30, 2024	562,585
Total Cost from January 1, 2021 to June 30, 2024	2,017,179

Table 11: Financial Summary of Recommended Purchase Order Amendment - Fleet Services Division Capital Budget CFL010 (Transportation Services replacement vehicles)

Transportation Services Fleet Services Capital Budget CFL010 Cost Element: 3120	Net of HST recoveries
Initial Year Period From January 1, 2021 to December 31, 2021	0
Initial Year Period From January 1, 2022 to June 30, 2022	0
Option Year 1 From July 1, 2022 to June 30, 2023	1,512,832
Option Year 2 From July 1, 2023 to June 30, 2024	1,239,720
Total Cost from January 1, 2021 to June 30, 2024	2,752,551

The Chief Financial Officer and Treasurer has been provided the financial impacts associated with this amendment for review as part of the 2021 budget process.

DECISION HISTORY

At its meeting of June 27, 2018, Bid Award Panel adopted, without amendment, item BA83.15 from Call Number VOR#OSS-00634452, awarding a Purchase Order to

proponents who meet the specification requirements from the Ministry of Government and Consumer Services call. The report can be found at:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.BA83.15>
Fleet Services Operational Review, Phase Two - Stronger Asset Management Needed
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.AU4.6>

COMMENTS

On October 29, 2019 City Council considered Audit Committee's recommendation to consider the appropriate role of Fleet Services in the management and oversight of the City's fleet assets, and provide Fleet Services with authority to act accordingly. This included taking on an expanded City-wide scope and mandate providing oversight, direction and support to all City divisions, agencies and corporations including Community and Social Services, Infrastructure and Development, Finance and Treasury Services, City Clerk's Office, Toronto Transit Commission, Toronto Police Services, Toronto Parking Authority, Toronto Community Housing, CreateTO, Exhibition Place, Toronto Public Health, Toronto Public Library and the Toronto Zoo.

Fleet Services is working with the City divisions, agencies and corporations to assess regulatory, compliance related matters and their impact to moving to a centralized model.

The VOR No. OSS-00634452 provides three (3) ordering models:

- 1) Direct Ordering Model,
- 2) Indirect Ordering Model Option 1, and
- 3) Indirect Ordering Model Option 2.

The City has entered into an agreement with General Motors of Canada Company for the Indirect Ordering Model Option two (2) where General Motors of Canada:

- a) Assigns the model, base options, all pricing and delivery dealer fees,
- b) assigns the delivery dealer (City Buick Chevrolet Cadillac),
- c) indicate to the delivery dealer, a price structure and criteria to be used for the invoice,
- d) the City communicates licensing and delivery instructions to the delivery dealer,
- e) the delivery dealer generates the invoice and sends it to the City, and
- f) the City pays the delivery dealer.

Under this amending agreement, Fleet Services Division will be able to utilize the unit cost already negotiated under the VOR agreement with General Motors of Canada to purchase approximately an additional 142 vehicles and ambulance chassis for Toronto Paramedic Services, 20 vehicles for Toronto Fire Services, and 501 vehicles for various City divisions and agencies, comprising of approximately 663 vehicles during the term of the agreement, including any optional years as part of the Centralized Model.

Fleet Services anticipates that through adopting the manufacturer-direct service delivery model with General Motors of Canada Company under the Vendor of Record (VOR) No. OSS-00634452 a total cost avoidance of \$6,924,412 will be realized during the contract term, including any optional years. This includes \$1,362,060, for Toronto Paramedic Services and Toronto Fire Services and an additional \$3,614,992 for various City Divisions, as well as \$1,947,360 that has already been attained.

CONTACT

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SIGNATURE



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