

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

Date: April 27, 2021

To: General Government & Licensing Committee

From: General Manager, Fleet Services and Chief Procurement Officer

Wards: All

SUMMARY

The purpose of this report is to request authority to amend and increase the value of the Contract Number 47021793 issued to Enterprise Rent-A-Car Canada for the non-exclusive supply and delivery of short term vehicle rental services. The total amount being requested is for an additional amount of \$5,289,523 net of all applicable taxes (\$5,382,618 net of HST recoveries) increasing the contract target value from \$16,332,174 to \$21,621,697 net of all applicable taxes (\$22,002,238 net of HST recoveries) to October 7, 2021 including all remaining optional renewal terms.

The requested amendment is required to (1) implement telematics devices on rental vehicles to better manage utilization for a total amount of \$380,130 net of all applicable taxes as shown in Table 3 (\$386,820 net of HST recoveries) and (2) Account for the anticipated over-expenditures due to increased demands for short-term vehicle requirements from City Divisions to support the COVID-19 pandemic in the amount of \$4,909,393 net of all applicable taxes as shown in Table 3 (\$4,995,798 net of HST recoveries).

RECOMMENDATIONS

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

1. The General Government & Licensing Committee, in accordance with Section 71-11.1C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-law), grant authority to amend Blanket Contract 47021793 and increase the contract target value by \$5,289,523 net of all applicable taxes (\$5,382,618 net of HST recoveries) increasing the contract target value from \$16,332,174 to \$21,621,697 net of all applicable taxes (\$22,002,238 - net of HST recoveries) to October 7, 2021 including all remaining optional renewal terms.

FINANCIAL IMPACT

The total potential cost to the City identified in this report, including all optional renewal terms is \$5,977,161 including all taxes and charges. The total potential cost to the City is \$5,382,618 net of HST recoveries.

Financial implications for 2021, which include the current contract year plus the portion of Option Year 3 that falls into 2021, in the amount of \$3,220,607 net of HST recoveries will be funded in the 2021 Approved Operating Budgets of Fleet Services and Parks, Forestry & Recreation (PFR). Staff will track costs of additional vehicle rentals to support increased services resulting from the ongoing pandemic as part of the 2021 COVID-19 financial impacts for reimbursement through secured COVID-19 support funding.

Should the City choose to exercise its option to Years 3 and 4, appropriate additional funding will be presented for Council consideration in the future Operating Budgets for Fleet Services. The financial impacts are shown below in Table 1, and it should be noted that COVID-19 requirements for PFR are included in the Fleet line for 2022.

Table 1: Financial Impact Summary of Recommended Contract Amendment - Fleet Services and Parks, Forestry & Recreation Operational Budgets

Cost Centre (group) / Cost Element	Current Term (Jan 1, 2021 - Oct 7, 2021)	Option Year 3 (October 8, 2021 - December 31, 2021)	Option Year 3 (January 1, 2022 - Oct 7, 2022)	Option Year 4 (Oct 8, 2022 - Oct 7, 2023)	Total Amendment Value (Net of HST recoveries)
Fleet	\$1,510,027	\$683,101	\$2,049,302	\$112,709	\$4,355,139
PFR	\$770,609	\$256,870	\$0	\$0	\$1,027,479
Total Amendment Value	\$2,280,636	\$939,971	\$2,049,302	\$112,709	\$5,382,618

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

DECISION HISTORY

At its meeting of October 24, 2018, the Bid Award Panel adopted without amendment item BA103.1 for the award of short-term rentals to two Vendors, New Horizon Car and Truck Rentals Ltd. and Enterprise Rent-A-Car Company, as a result of RFQ 6106-18-0097.

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

At its meeting of January 30, 2019, the Bid Award Panel adopted without amendment item BA10.7 to rescind the award to New Horizon Car and Truck Rentals Ltd. and award it to Enterprise Rent-A-Car Company.

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

At its meeting of May 28, 2020, City Council adopted without amendment item CC21.6 to amendment contract 47021793 to increase funding to support City services resulting from the COVID-19 pandemic.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.CC21.6>

COMMENTS

The request to amend Contract Number 47021793 issued to Enterprise Rent-A-Car Canada is twofold:

1. Fleet Services is recommending the installation of telematics devices on rental vehicles to better manage utilization on rental vehicles at an estimated cost of \$380,130 over the remaining contract term. This is in response to recommendations outlined by the Auditor General in AG4.6 Fleet Services Operational Review, Phase Two – Stronger Asset Management Needed,. The availability of accurate and relevant telematics data enables fact-based analysis and decision-making that is needed to drive efficiencies while increasing safety and accountability to manage the total cost of rental services. Short-term vehicles will be equipped with a telematics device that will be included in the cost of the rental. Fleet Services will be responsible for the monthly service air time cost of the device that will track data such as mileage, the number of trips, vehicle speed, and real-time location. The installation of telematics is considered an accessory to the vehicle and therefore, provisions in the original RFQ 6106-18-0097 section 9.3.2 allow Fleet Services to add this to the current contract. The unit prices offered by Enterprise for the telematics and airtime fee are fair and reasonable compared to the marketplace. An amendment to the current contract will be executed between the City and Enterprise, and

2. On May 28, 2020, City Council report, CC21.6 did not account for COVID-19 requirements beyond September 30, 2020. After consulting with City Divisions that requested rental vehicles to respond to the initial wave of the COVID-19 pandemic, COVID-19 rental requests will continue through 2021 and potentially 2022 to support COVID services and physical distancing in vehicles. Approximately 75% of all rental vehicles are being utilized by Parks Forestry & Recreation to support the 2021 seasonal operations. As outlined in the Parks Forestry & Recreation budget submission, as a result of the ongoing pandemic, the Division is expanding services, such as bathroom cleaning, encampment cleanup and, litter removal. Additional vehicles are required to

transport crews and equipment to City parks and recreation centers to meet the increased service levels. Enterprise has agreed to provide a 2% discount for all COVID-19 pandemic-related short-term rentals up until December 31, 2021, resulting in \$57,035 in savings, which are already included in the current and option year figures for 2021 as seen in Table 1.

Should the COVID-19 pandemic continue past December 31, 2021, Fleet Services and Enterprise will revisit the possibility of extending the 2% discount for all COVID-19 pandemic related short-term rentals beyond December 31, 2021, to October 7, 2023, potentially resulting in an additional \$38,442 in savings, which are not currently included in the post-2021 option year figures in Table 1. Overall, a potential savings of \$95,477 to the end of the contract term including any optional year thereafter, could be realized. An amendment to the current contract will be executed between the City and Enterprise. Estimated requirements by Division are summarized below.

Table 2: Summary of Estimated Rental Requirements to Support COVID Activities

Division	Estimated Number of Vehicles Required
Parks Forestry & Recreation	220
Fire Services	30
Toronto Water	16
Transportation Services	14
Paramedic Services	10
Corporate Real Estate Management	3
Total	293

The below table summarizes the additional funds required for the current term of the Contract and the remaining two (2) option years.

Table 3: Summary of Additional Funds Required by Contract Year Net of All Applicable Taxes and Charges

Contract Year	Current Contract Value	Additional COVID Requirements	Telematics Services	Total Amended Value
Previous Years	\$7,157,895 (\$1,637,240 COVID)	\$0	\$0	\$7,157,895
Option Year 2 (Year 2021)	\$2,952,901	\$2,418,420	\$75,198	\$5,446,519
Option Year 3	\$3,056,799	\$2,490,972	\$194,172	\$5,741,943

(Year 2022)				
Option Year 4 (Year 2023)	\$3,164,579	\$0	\$110,760	\$3,275,339
Contract Value	\$16,332,174	\$4,909,392	\$380,130	\$21,621,697

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SIGNATURE

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