

Amendment to Blanket Contract Number 47023372 with Ford Motor Company of Canada Limited and Amendment to Purchase Order Number 6047621 with FCA Canada Inc. for the supply and delivery of Category 1A - General Vehicle Acquisitions and up-fitting

Date: January 6, 2023

To: General Government Committee

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

Wards: All

SUMMARY

The purpose of this report is to seek authority for the General Manager, Fleet Services Division to amend and increase the target values of Blanket Contract Number 47023372 issued to Ford Motor Company of Canada Limited (Ford), and of Purchase Order Number 6047621 issued to FCA Canada Inc. (Fiat Chrysler Automobiles). Should the optional year be extended by the Ministry of Government and Consumer Services for the final year, the General Manager, Fleet Services Division is also seeking authority to extend the term to include the second optional year term from July 1, 2023 to June 30, 2024 for Purchase Order Number 6047621 in accordance with the Vendor of Record (VOR) Number OSS-00634452.

Fleet Services Division completed a review of the 2022 to 2024 replacement plan and concluded that there will be a funding shortfall. The additional funding will allow Fleet Services to continue supporting vehicle requisitions on behalf City divisions.

The total amendment being requested for Blanket Contract Number 47023372 with Ford is for an additional amount of \$9,678,999 net of all applicable taxes and charges (\$9,849,350 net of HST recoveries) to December 31, 2023, inclusive of all optional renewal terms.

The total amendment being requested for Purchase Order Number 6047621 with FCA Canada Inc. is for an additional amount of \$4,262,709 net of all applicable taxes and charges (\$4,337,732 net of HST recoveries), inclusive of potential optional renewal terms from July 1, 2023 to June 30, 2024 should the optional year be extended by the Ministry of Government and Consumer Services for the final year.

General Government Committee approval is required in accordance with Section 71-11.1C of the Toronto Municipal Code Chapter 71 (Financial Control By-law), where the current request exceeds the threshold of \$500,000 net of all taxes and charges.

RECOMMENDATIONS

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

1. General Government Committee to grant authority to the General Manager, Fleet Services Division to amend Blanket Contract Number 47023372 by increasing the total Blanket Contract target value by \$9,678,999 net of HST and all applicable charges (\$9,849,350 net of HST recoveries), revising the current Blanket Contract value from \$18,127,637 to \$27,976,986 net of all taxes and charges.
2. General Government Committee to grant authority to the General Manager, Fleet Services Division to amend Purchase Order Number 6047621 by increasing the total Purchase Order value by \$4,262,709 net of HST and all applicable charges (\$4,337,732 net of HST recoveries), revising the current Purchase Order value from \$17,562,802 to \$21,825,511 net of all taxes and charges. Should the optional year be extended by the Ministry of Government and Consumer Services for the final year, Fleet Services is also requesting to exercise optional renewal term from July 1, 2023 to June 30, 2024,

FINANCIAL IMPACT

The total potential contract amendments identified in this report is \$13,941,708 net of all applicable taxes and charges. The potential cost to the City is \$14,187,082 net of HST recoveries.

Funding in the amount of \$1,123,673 net of HST recoveries is included in the 2022 Approved Capital Budget of Fleet Services Division for Blanket Contract 47023372.

Funding in the amount of \$10,000,369 net of HST recoveries for the balance of

optional renewal term one (1) has been included in the 2023 Capital Budget Submission of Fleet Services Division for Contract 47023372 and 6047621.

Should the City choose to extend for the final option renewal term two (2), then funding in the amount of \$3,063,040 net of HST recoveries will be included in the future Capital Budget Submissions of Fleet Services Division as needed under Purchase Order Number 6047621.

Funding details are summarized in Tables 1, 2 and 3 as follows:

Table 1: Financial Impact Summary of Recommended Blanket Contract Amendment (Net of HST Recoveries) - 47023372 Ford

Fleet Service Capital Budget CFL: CFL002, CFL003, CFL005, CFL006, CFL007, CFL008, CFL009, CFL010, CFL013, CFL014, CFL016, CFL017, CFL017, CFL035, CFL036, CFL044, CFL046, CFL049, CFL068	
Option Year One (1) from July 1, 2022, to December 31, 2022	\$1,123,673
Option Year One (1) from January 1, 2023, to June 30, 2023	\$3,148,300
Option Year Two (2) form July 1, 2023 to June 30, 2024	\$5,577,377
Total Amendment Value (Net of HST Recoveries)	\$9,849,349

Table 2: Financial Impact Summary of Recommended Purchase Order Amendment (Net of HST Recoveries) - 6047621 FCA

Fleet Service Capital Budget CFL: CFL002, CFL003, CFL005, CFL006, CFL007, CFL008, CFL009, CFL010, CFL013, CFL014, CFL016, CFL017, CFL017, CFL035, CFL036, CFL044, CFL046, CFL049, CFL068	
Option Year One (1) January 1, 2023, to June 30, 2023	\$1,274,692
Option Year Two (2) Year from July 1, 2023 to June 30, 2024, should the optional year be extended	\$3,063,040

Fleet Service Capital Budget CFL: CFL002, CFL003, CFL005, CFL006, CFL007, CFL008, CFL009, CFL010, CFL013, CFL014, CFL016, CFL017, CFL017, CFL035, CFL036, CFL044, CFL046, CFL049, CFL068	
Total Amendment Value (Net of HST Recoveries)	\$4,337,732

Table 3: Combined Financial impact by Budget Year (Net of HST Recoveries)

	2022	2023	2024	Total
Contract 47023372 with Ford	\$1,123,673	\$8,725,677	-	\$9,849,350
Purchase Order 6047621 with FCA	-	\$1,274,692	\$3,063,040	\$4,337,732
Total	\$1,123,673	\$10,000,369	\$3,063,040	\$14,187,082

The Chief Financial Officer and Treasurer has been provided the financial impacts associated with the programs for review as part of the 2023 budget process.

DECISION HISTORY

At its meeting on July 16, 2020, Bid Award Panel adopted, without amendment, item BA91.6, award of Request for Proposal from VOR#OSS-00634452, awarding a Blanket Contract to Ford Motor Company of Canada Limited, for the supply and delivery of Category 1A - General Vehicle Acquisitions and Up-Fitting.

[Agenda Item History - 2020.BA91.6 \(toronto.ca\)](#)

At its meeting on August 1, 2018, Bid Award Panel adopted, without amendment, item BA90.9, award of Request for Proposal from VOR#OSS-00634452, awarding a Purchase Order to FCA Canada Inc. for the supply and delivery of Category 1A – General Vehicle Acquisitions and Up-Fitting

[Agenda Item History - 2018.BA90.9 \(toronto.ca\)](#)

At its meeting on December 15, 2021, City Council adopted, with amendments, item IE26.16 for the Critical Steps for Net Zero by 2040 - TransformTO.

[Agenda Item History - 2021.IE26.16 \(toronto.ca\)](#)

COMMENTS

Fleet Services Division completed a review of the 2022 to 2024 replacement plan and is forecasting Blanket Contract 47023372 will have a short fall of \$9,849,350 Net of HST Recoveries (\$9,678,999 net of all applicable taxes and charges).

Fleet Services Division completed a review of the 2022 to 2024 replacement plan and is forecasting Purchase Order Number 6047621 will have a short fall of \$4,337,732 Net of HST Recoveries (\$4,262,709 net of all applicable taxes and charges).

The City council adopted TransformTO Net Zero Strategy by 2040 and approved community-wide Green House Gas reduction targets of 20% by 2025 and 50% by 2030, net zero by 2040. To achieve these targets, Fleet Services recommends all light-duty Internal Combustion Engine vehicles be replaced with Electric Vehicles where operationally feasible. Due to the premium of Electric Vehicles and the limited number of vehicle models that exist with the Original Equipment Manufacturers, the current purchase price of Electric Vehicles are on average 35% to 50% higher compared to traditional latest Internal Combustion Engine vehicles.

Further, Original Equipment Manufacturers are closely monitoring acceptance of new orders not being able to guarantee pricing given the current environment due to significant production impact by supply chain disruptions, component shortages, labor shortages, and increased material and freight cost. This leads to a 15% to 20% price increase in latest Internal Combustion Engine and Hybrid vehicles from the Original Equipment Manufacturers.

On November 24, 2022, under the delegated authority, Blanket Contract Number 47023372 for 2022 was increased by \$3,000,000 to cover part of the remaining vehicle purchase for 2022.

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SIGNATURE

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