REPORT FOR ACTION

# Amendment to Blanket Contract Number 47024566 with London Machinery Inc. (McNeilus Canada) for the supply and delivery of Mack Cab-over Truck Chassis, Tandem Axle, and Refuse Loading Packer Body

**Date:** February 16, 2023
**To:** General Government Committee
**From:** General Manager, Fleet Services and Chief Procurement Officer
**Wards:** All

## SUMMARY


The purpose of this report is to seek authority to increase the target value of Blanket Contract Number 47024566 issued to London Machinery Inc. (McNeilus Canada) for the supply and delivery of thirty-eight (38) latest model Mack cab-over truck chassis 28,123 kilograms (62,000 LBS) GVWR tandem axle, complete with 32 yd3 (24.47 m3) single stream, rear loading refuse packer bodies for a fixed period of two (2) years from September 8, 2022 to September 6, 2024.

Fleet Services Division completed a review of the 2023 replacement plan and concluded that there will be a funding shortfall. The additional funding will allow Fleet Services to continue to support vehicle requisitions on behalf of Solid Waste Management. The City of Toronto has reached an agreement to continue to provide recycling collection services to the residents of Toronto throughout the transition of Ontario's Blue Box Program to Extended Producer Responsibility (EPR). As part of the agreement, the City will also continue to provide transfer and haulage of recycling materials and promotion and education related to recycling. As such, some of the units initially cancelled in 2022 due to change in EPR timeline have been reinstated as part of the 2023 replacement program.

The total amendment being requested for Blanket Contract Number 47024566 with London Machinery Inc. (McNeilus Canada) is for an additional nine (9) units in the amount of $5,512,287 net of all applicable taxes and charges ($5,609,304 net of HST recoveries) to September 6, 2024.

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 allowable threshold of $500,000 net of all taxes and charges.

## RECOMMENDATIONS

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

1. General Government Committee to grant authority to amend Blanket Contract Number 47024566 by increasing the total Blanket Contract target value by $5,512,287 net of HST and all applicable charges ($5,609,304 net of HST recoveries), revising the current Blanket Contract value from $25,380,787 ($25,827,489 net of HST recoveries) to $30,893,074 ($31,436,793 net of HST recoveries).

## FINANCIAL IMPACT

The total contract amendment identified in this report is $5,512,287 net of all taxes and charges. The total cost to the City $5,609,304 net of HST recoveries.

Funding in the amount of $5,609,304 net of HST recoveries is included in the 2023 Capital Budget of Fleet Services Division. Spending is expected to take place in 2023.

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

| Fleet Services Capital Budget:<br>CFL008 | |
|---|---|
| Initial Term from September 8, 2022 to September 6, 2024 | $5,609,304 |

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the information included in the Financial Impact Section.

## DECISION HISTORY

At its meeting of August 24, 2022, Bid Award Panel adopted without amendment and without debate item BA202.4 Award of Ariba Document Number 3518539833 to London Machinery Inc., (McNeilus Canada) for the Supply and Delivery of Mack Cab-over Truck Chassis, Tandem Axle, and Refuse Loading Packer Body's for Fleet Services Division.

**[AGENDA ITEM HISTORY - 2022.BA202.4 (TORONTO.CA)]**

## COMMENTS

Fleet Services Division completed a review of the 2023 replacement plan and is forecasting Blanket Contract 47024566 will have a shortfall of $5,609,304 net of HST Recoveries ($5,512,287 net of all applicable taxes and charges) including a price adjustment for the purchase of nine (9) additional units for Solid Waste Management. This amendment is requested in response to original underestimated contract value and escalating unit costs resulting from increased raw material costs, global supply chain challenges and significant production impact by supply chain disruptions, component shortages, labor shortages, and increased freight cost. The current industrial price trend for similar equipment is on average 15% to 20% higher compared to previous years.

## CONTACT

Clarman Yang, Acting Manager, Purchasing Client Services, Corporate Services and Finance & Treasury Services, Purchasing and Materials Management,
Telephone: 416-392 1302, Email: Clarman.Yang@toronto.ca

Kiran Panchal, Fleet Manager, Asset Management, Fleet Services Division,
Telephone: 416-397-4258, Email: Kiran.Panchal@toronto.ca

## SIGNATURE

David Jollimore
General Manager, Fleet Services

Geneviève Sharkey
Chief Procurement Officer

## ATTACHMENTS

N/A