

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 Category 1A - General Vehicle Acquisitions and up-fitting

Date: May 15, 2023

To: General Government Committee

From: General Manager, Fleet Services and Chief Procurement Officer

Wards: All

SUMMARY

The purpose of this report is to advise on the findings in response to a motion put forward at the General Government Committee meeting on January 20, 2023 ([Agenda Item History - 2023.GG1.4 \(toronto.ca\)](#)) that requested the General Manager of Fleet Services to report back to the General Government Committee on the possibility of purchasing "green vehicles" prior to exercising any option years on the relevant contracts.

This report will outline the ways in which Fleet Services is focused on greenhouse gas emission (GHG) reduction by proactively procuring zero emission vehicles (ZEVs) where possible, as well as the procurement of lower emission vehicle options when a ZEV replacement vehicle is not yet available on the market.

Through this report, the General Manager, Fleet Services Division is also seeking authority to exercise optional term two (2) of Blanket Contract Numbers 47023372 issued to Ford Motor Company of Canada Limited (Ford), and of Purchase Order Number 6047621 issued to FCA Canada Inc. (Fiat Chrysler Automobiles).

The City of Toronto has established itself as a Canadian leader in adopting ZEV technologies, alternative fuels, and efficient fleet management practices. By the end of 2022, City Fleets eliminated approximately 180 metric kilotons of GHG emissions, a 40% reduction from 1990 levels.

A Sustainable City Fleets Plan goal is to transition the City's fleet to sustainable, resilient, net zero operations by 2040, including 45% GHG emissions reduction by 2025, and 65% by 2030.

As part of the interim steps in transitioning City's medium and heavy-duty vehicles to ZEVs, the City Fleets will continue to focus on the use of renewable and sustainable fuels when a ZEV is not yet available on the market. For example, Fleet Services is actively replacing all Internal Combustion Engine (ICE) powered waste collection trucks, ice resurfacing machines and forklifts with Compressed Natural Gas and Liquified Propane Gas powered units. Fleet Services has also implemented seasonal use of biodiesel blends B5, B10, and B20, which are sustainable fuel options in lieu of a ZEV alternative.

Since 2008, Fleet Services has been equipping light-duty vehicles with start-stop anti-idling technology. In 2021, Fleet Services replaced eleven (11) ICE powered units with battery electric units and ninety-seven (97) battery electric units were introduced in 2022. To date, nine hundred and eighty one (981) vehicles representing 19% of the City's fleet are utilizing hybrid and electric vehicles technology, alternative fuels, and other emissions reducing technologies.

From 2023 to 2025, Fleet Services is planning to replace two hundred and eighty five (285) ICE powered units with battery electric units. Based on the replacement and expected available supply from the market, by the end of 2025, Fleet Services projects to have replaced three hundred and ninety three (393) ICE powered units with battery electric units. This will account for 11.1% of the total fleet. For more details, refer to Table 3.

RECOMMENDATIONS

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

1. General Government Committee to grant authority to the General Manager, Fleet Services Division to exercise the optional renewal term under report number 2023.GG1.4 for Purchase Order 6047621 with FCA Canada Inc. in the amount of \$3,010,063 net of all taxes and charges (\$3,063,040 net of HST recoveries) from July 1, 2023 to June 30, 2024. (Previously approved at the Bid Award Panel meeting held on August 1, 2018, item BA90.9)
2. General Government Committee to grant authority to the General Manager, Fleet Services Division to exercise the optional renewal term under report number 2023.GG1.4 for Blanket Contract Number 47023372 with Ford Motor Company of Canada Limited in the amount of \$5,480,913

net of all taxes and charges (\$5,577,377 net of HST recoveries) from July 1, 2023 to June 30, 2024. (Previously approved at the Bid Award Panel Meeting, held on July 22, 2020, item BA91.6)

FINANCIAL IMPACT

The total contract amendments identified in this report is \$8,490,975 net of all applicable taxes and charges. The cost to the City is \$8,640,417 net of HST recoveries.

1. Funding in the amount of \$5,577,377 net of HST Recoveries for the balance of optional renewal term two (2) is requested for Blanket Contract 47023372 with Ford Motor Company of Canada Limited.
2. Funding in the amount of \$3,063,040 net of HST Recoveries for the balance of optional renewal term two (2) is requested for Purchase Order 6047621 FCA Canada Inc.

Funding is available in the 2023-2032 Approved Capital Budget and Plan for Fleet Services. Additional funding details are summarized in Tables 1, and 2 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 Two (2) form July 1, 2023 to June 30, 2024	\$5,577,377
Total Amendment Value (Net of HST Recoveries)	\$5,577,377

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

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 Two (2) Year from July 1, 2023 to June 30, 2024	\$3,063,040
Total Amendment Value (Net of HST Recoveries)	\$3,063,040

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

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 \(toronto.ca\)](#)

On January 20, 2023, City Council approved Amendment to Blanket Contract Number 47023372 with Ford Motor Company of Canada Limited and an Amendment to Purchase Order Number 6047621 with FCA Canada Inc. for the Supply and Delivery of Category 1A - General Vehicle Acquisitions and Up-fitting

[Agenda Item History - 2023.GG1.4 \(toronto.ca\)](#)

On January 30, 2023 Infrastructure and Environment committee adopted with a motion for Net Zero Action updates.

[Agenda Item History - 2023.IE1.11 \(toronto.ca\)](#)

COMMENTS

City Council adopted the TransformTO Net Zero Strategy and approved community-wide GHG reduction targets. To reach these targets, Fleet Services will replace Light Duty ICE powered units with battery electric units (where available and operationally feasible) to meet its target of transitioning 20% of the City's fleet to ZEVs by 2025, and 50% by 2030.

Fleet Services is working directly with the Original Equipment Manufacturers (OEMs) on the development of zero emission options for medium and heavy-duty vehicles and off-road equipment. Vehicle electrification technology is still under development in this segment by most OEMs. Fleet Services is committed to leading the transition to a zero emission fleet in order to achieve the goals set out in the TransformTO strategy. However, Fleet Services aims to be transparent about the potential challenges that may prevent us from reaching its 20% target by 2025. These challenges are explored below.

Availability

There is limited availability of electric vehicles in the market. Worldwide disruptions in the supply chain have significantly reduced the availability of many essential resources required for manufacturing. At the same time, demand for electric vehicles is increasing, further limiting supply. More electric vehicle models need to be introduced into the marketplace to meet global demand. For more details, please refer to Table 4.

Cost

Due to the limited number of electric vehicles models available in the market, the purchase price is on average 35% to 50% higher compared to traditional ICE powered options. Replacing ICE vehicles with electric vehicles will require a higher upfront cost, but lower maintenance and energy/fuel costs are expected to offset the purchase cost over the life of the vehicle.

Performance

Electric vehicles have a battery instead of a fuel tank, and an electric motor instead of an ICE. The most critical factor to consider when purchasing an

electric vehicle is the battery capacity and its estimated range. Battery powered electric vehicles need to effectively meet the operating requirements for their respective applications. Until technology evolves, some battery powered vehicles may not be suitable replacements for ICE vehicles.

Table 3: Sustainable Fleet Replacement Plan from 2021 to 2025

Replacement Year Plan	Total EVs Purchased	Total Percentage of Fleet
2021	11	2.0
2022	97	3.3
2023	43	4.4
2024	128	8.0
2025	114	11.1

Table 4: Electric Vehicle Lineup from 2022 to 2025

Supplier	Category	Model	Availability in Market
Ford Motor Company of Canada Limited	SUV	Mustang Mach-E	Available
	SUV	Escape (PHEV)	Q4 2023
	Pick up Truck	F-150 Lightning	Available
	Cargo Van	E-Transit 350	Available
	Passenger Van	Pacifica (PHEV)	Available
FCA Canada Inc.	SUV	Jeep Grand Cherokee 4xe (PHEV)	Available
	SUV	Dodge Hornet (PHEV)	Q4 2023
	Pick Up Truck	Ram 1500 EV	Q4 2023
General Motors Canada	SUV	Chevrolet Equinox EV	2024
	SUV	Chevrolet Blazer EV	2024
	SUV	Bolt EV	Available
	SUV	Bolt EUV	Available
	Pick up Truck	Silverado 1500 EV	2024
	Cargo Van	Brightdrop Zevo 600	2024
	Cargo Van	Brightdrop Zevo 400	2024
Toromont Material Handling Equipment	Lifting Equipment	CAT Electric 4-Wheel Pneumatic Tire Lift Truck	Available
	Lifting Equipment	Mitsubishi Electric 4-Wheel Cushion Tire Lift Truck	Available
John Deere	Off Road	TE 4x2 Electric Gator	Available
Zamboni	Ice Maintenance	Model 450, 552 Lithium Ion or Lead Acid Battery Powered	Available
Madvac	Litter Vacuum truck	Electric All-Terrain Litter Vacuum LN50	Available
	Sweeper	Electric Mini Sweeper LS125	Q4 2023

Summary

Fleet Services is a committed champion of TransformTO goals. Accelerated transition of City Fleets to sustainable, resilient, net-zero operations is a critical part of the City's plan to reach net zero emissions by 2040, and it directly contributes to the corporate and strategic priorities.

Fleet Services stewardship of climate mitigation and adaptation strategies and actions have been recognized for as an example of effective local leadership on climate action. Fleet Services will continue to source zero and lower emission vehicle options whenever available in the market, while reducing the size of the fleet and providing micro mobility options like bicycles whenever possible in order to achieve the goals set out in TransformTO.

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