

Staff Report

Origin

This report seeks Council approval to award Contract 5807Q to Peterbilt Pacific Ltd. for the acquisition of two tandem axle dump trucks. The award of this contract exceeds the maximum authorized under Officer and General Manager Bylaw No. 8215 (\$500,000) and therefore requires Council approval.

This report supports Council’s 2014-2018 Term Goal #6 Quality Infrastructure Networks:

Continue diligence towards the development of infrastructure networks that are safe, sustainable, and address the challenges associated with aging systems, population growth, and environmental impact.

6.1. Safe and sustainable infrastructure.

Analysis

Background

As part of the City’s normal vehicle replacement program, there are two dump truck units due for replacement due to age, condition and mileage. Unit 1165 is a 2002 tandem axle unit with 230,000 km and 14,310 hours of use. Unit 1278 is a 2005 tandem axle with 158,000 km and 12,571 hours (reference Attachment 2). Both units are of older engine technology, thereby being less fuel efficient. In addition, repair costs have reached the level where replacement is prudent. Replacement of these trucks with newer engine technology will result in lower fuel consumption, thereby contributing to the goals and objectives of the City’s Green Fleet Action Plan, which establishes a 2% annual reduction in overall fuel-related emissions.

Tendering Process

Request for quotation 5807Q (Supply and Delivery of 2 (Two) Tandem Axle Cab and Chassis C/W Dump Box and Front Ploughs) was issued to the marketplace on September 15, 2016 and closed October 3, 2016.

Four vendors provided bid submissions from manufacturers, including International, Freightliner and Peterbilt as follows. Tendered amounts shown are reflective of an equitable comparison of all required components and options based on staff’s review, and are exclusive of taxes and levies. The amount shown is for the purchase of two units.

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|--|--------------|
| 1. Harbour International Trucks | \$487,500.00 |
| 2. First Truck Center Vancouver (Freightliner) | \$501,656.00 |
| 3. Cubex Limited (Freightliner) | \$513,235.00 |
| 4. Peterbilt Pacific Ltd. | \$538,680.00 |

Award Recommendation

The submission by Peterbilt Pacific Ltd., while the highest of those received, is recommended for award based on best value. This recommendation is based on Fleet's experience with excellent performance of existing Peterbilts in the City's fleet and the high quality of the Peterbilt make overall. The Peterbilt make also has a higher resale value at the end of its lifecycle. That, coupled with lower maintenance costs and downtime impacts, as well as a high standard of customer service support, offers best overall value based on the 10-year expected life-cycle cost:

Table 1: Estimated 10-Year Lifecycle Cost Comparison

Manufacturer/ Make	International	Freightliner	Freightliner	Peterbilt
Vendor	Harbour International Trucks	First Truck	Cubex	Peterbilt Pacific Ltd.
One Unit	\$792,870	\$783,203	\$788,992	\$505,002
Two Units	\$1,585,740	\$1,566,406	\$1,577,984	\$1,010,004

A more detailed explanation of the vehicle lifecycle cost calculation is shown in Attachment 1.

The existing Peterbilts have proven reliable, and Fleet has experienced no mechanical failures or downtime with these units. This contributes to operational efficiency in supporting the various functional sections within Public Works and Parks. The Peterbilts are also a quality design, suited to support operational maintenance, salting/snow response efforts and construction projects.

Financial Impact

The total cost of the award of Contract 5807Q to Peterbilt Pacific Ltd. for two tandem axle dump trucks is \$538,680.00 plus applicable levies and taxes. Funding for these replacements is available in the Fleet Vehicle Equipment Reserve capital project CV0004.

Conclusion

This report seeks approval for the award of contract 5807Q for two tandem axle dump truck units to Peterbilt Pacific Ltd. based on best value. These fleet units are replacements and two equivalent units will be retired from the fleet, for no overall net increase in fleet size.

February 7, 2017

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The quality make of Peterbilt units contributes to reduced downtime, thereby contributing to greater overall efficiency within Public Works and Parks operations.

A handwritten signature in black ink, appearing to read "S. Bycraft", with a long horizontal flourish extending to the right.

Suzanne Bycraft
Manager, Fleet and Environmental Programs
(604-233-3338)

- Att. 1: Vehicle Life Cycle Cost Calculator
- 2: Photos of Vehicles Being Replaced (Units 1165 and 1278)

Vehicle Lifecycle Cost Calculator for 1 unit

Vehicle Comparison	International	Freightliner	Freightliner	Peterbilt
Present Value Lifecycle Cost For 10 years (1 unit)	\$ 792,870.14	\$ 783,203.14	\$ 788,992.64	\$ 505,002.45
RANK (Lowest 10 year Lifecycle Cost)	3	2	4	1
Vendor	Harbour International	First Truck	CUBEX	Peterbilt
Base Truck Price (1 unit)	\$ 176,911	\$ 183,989	\$ 190,688	\$ 202,501
Trade in (1 unit)	(\$33,000)	(\$33,000)	(\$30,000)	(\$33,000)
Options(1 unit)	\$ 99,759	\$ 99,759	\$ 95,850	\$ 99,759
Tire Levies(1 unit)	\$ 80	\$ 80	\$ 80	\$ 80
Total Truck Cost(1 unit)	\$ 243,750	\$ 250,828	\$ 256,618	\$ 269,340
Unit Life (years)	10	10	10	10
Trade in value (today's \$)	\$ 27,061	\$ 31,750	\$ 31,750	\$ 71,250
Annual Direct Costs (today's \$)/(1 unit)				
Fuel (1 unit)	\$ 9,060	\$ 11,230	\$ 11,230	\$ 10,316
O&M (1 unit)	\$ 46,185	\$ 42,809	\$ 42,809	\$ 18,002
Insurance (1 unit)	\$ 2,373	\$ 2,373	\$ 2,373	\$ 2,373
Other	\$ -	\$ -	\$ -	\$ -
Total yearly estimated costs based on 2080 hours (1 unit)	\$ 57,618	\$ 56,413	\$ 56,413	\$ 30,691
Total estimated costs for 10 years based on 2080 hours per year. (1 unit)	\$ 576,180.96	\$ 564,125.14	\$ 564,125.14	\$ 306,912.45

(1) Note Fuel costs were calculated based on the number of hours used. Peterbilt units are used to tow trailers and equipment, which adds to fuel consumed. The Freightliners and Internationals did not get used to tow trailers and equipment.

(2) Note also the evaluation data used was for the first three years of cumulative data.

Note: This Life Cycle Cost Calculator does not factor in Net Life Cycle costing that takes into account a nominal discount rate or an inflation rate for its calculation over the 10 year cycle. Rather it takes the purchase price of the unit prior to taxes and adds in the annual direct cost at today's \$ value and multiplies it at 10 years. Then adds the Purchase price and the annual direct costs for 10 years with no inflation factor then subtracts the Trade in value in (today's \$) with no inflation factor.

Attachment 2

Photos of Vehicles Being Replaced (Units 1165 and 1278)



Unit 1165 is a 2002 International Dump Truck



Unit 1278 is a 2005 International Dump Truck