



City of Richmond

Report to Committee

To: Public Works and Transportation Committee **Date:** June 13, 2022
From: Suzanne Bycraft
Director, Public Works Operations **File:** 02-0780-03/2022-Vol 01
Re: **Extension to Contract 6917Q - Public Works Lease Vehicles**

Staff Recommendation

That staff be authorized to issue a change order to Purchase Order 96440 to increase the value of the current contract between the City of Richmond and Zeemac Vehicle Lease Ltd. by \$244,794, bringing the new contract value to \$700,000, and extending the contract end date to July 1, 2023.

Suzanne Bycraft
Director, Public Works Operations
(604-233-3338)

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Finance Department Purchasing	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	
SENIOR STAFF REPORT REVIEW	INITIALS: 	APPROVED BY CAO

Staff Report

Origin

The City maintains a base complement of vehicles and equipment to support corporate operations. There are currently 473 fleet units inclusive of 405 diesel/gasoline units, 19 battery electric units, 16 plug-in hybrid electric units, 32 regular hybrid units, and 1 hydrogen fuel cell unit to service all City business areas, plus an additional 163 non-fueling assets (trailers, machine attachments, salt inserts, etc.).

Fleet Operations supports Public Works and Parks in meeting increased operational requirements associated with seasonal operating demands and capital work by supplementing its fleet with additional vehicles or equipment under lease for variable periods, typically ranging between three to nine months. During the onset of the COVID-19 pandemic and following public health orders, the City formed COVID-19 safety plans to protect its workers. As part of these safety plans, vehicle occupancy limits were capped at 50% of available seats. This strategic approach has helped to minimize the spread of COVID-19 among staff, thereby ensuring services to the community have been able to be delivered without interruption. As a result, of 37 units currently under lease, there are 15 vehicles leased in the first quarter of 2020 under Contract 6917Q that have had to be retained for considerably longer than anticipated.

There is high demand in the marketplace for these units in light of supply chain challenges. Returning these units and attempting to source from other vendors is not an option due to scarcity issues in the marketplace. Therefore, it remains prudent to extend these leases to ensure no negative impacts to service levels. This report seeks to extend the lease arrangement between the City and Zeemac Vehicle Lease Ltd. for the 15 units retained under Contract 6917Q through July 1, 2023, at which point our expectation is that there will be greater clarity surrounding requirements related to COVID-19 as it impacts vehicle occupancy limits.

This report supports Council's Strategic Plan 2018-2022 Strategy #1 A Safe and Resilient City:

Enhance and protect the safety and well-being of Richmond.

1.3 Ensure Richmond is prepared for emergencies, both human-made and natural disasters.

Analysis

Prior to administering the contract, staff sought bids and determined that Zeemac Vehicle Lease Ltd. was the only vendor able to provide all of the required vehicles, while offering the lowest market price per unit. As noted, the duration of these seasonal lease vehicles has far exceeded expectations due to vehicle occupancy limits currently at 50%. Typically lease vehicles are returned after capital and seasonal operating demands have ended.

Staff conducted an audit of the user group's requirements and determined that it is necessary to retain these units to meet demands while adhering to capacity limits. This review is ongoing with the objective of returning any units no longer deemed required at the earliest possible opportunity. Due to high demand and low availability in the rental market, there would be a

minimum three to six month delay or longer plus negative impacts to service levels and capital work if these units were to be returned and a new bid process undertaken.

To ensure user groups can meet operational and seasonal operating demands, and given that maximum spending authority under Officer and General Manager Bylaw No. 8215 has been reached for these 15 units, staff are seeking approval to issue a change order to Purchase Order 96440 to increase the value of the current contract with Zeemac Vehicle Lease Ltd. by \$244,794, bringing the new contract value to \$700,000 as outlined in Table 1. This will also extend the end date of the contract to July 1, 2023.

Table 1: Purchase Order Totals – Current Costs vs. Estimated

Vendor	Purchase Order	Current Contract Value (April 1, 2019 – June 30, 2022)	Monthly Charges (15 Units)	Value Increase (12 months)	Contingency	Estimated Contract Value (To July 1, 2023)
Zeemac Vehicle Lease Ltd.	96440	\$455,206	\$18,954.75	\$227,457	\$17,337	\$700,000

Financial Impact

Costs for vehicles and equipment required to support capital construction projects are included as part of approved capital project budget allocations. Lease costs are charged to Fleet Operations’ budget and billed quarterly to the various departmental projects they support.

Conclusion

Due to the uncertainty and complexity of COVID-19 restrictions, Public Works sections were required to retain lease vehicles for longer than anticipated. These vehicles must be retained to adhere to safety plans for capacity restrictions, meet departmental needs, and effectively maintain service levels.

It is recommended that staff be authorized to issue a change order to Purchase Order 96440 to increase the value of the current contract between the City of Richmond and Zeemac Vehicle Lease Ltd. by \$244,794, bringing the new contract value to \$700,000, and extend the end date of the contract to July 1, 2023. Staff will continue to monitor vehicle needs associated with COVID-19 safety plans and return any vehicles deemed no longer required, if and when possible.



Brandon Olson
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