

# **REPORT**

## ***Engineering Services & Finance***

**To:** Mayor Johnstone and Members of Council  
**Date:** December 11, 2023

**From:** Lisa Leblanc  
Director, Engineering Services  
Jacqueline Dairon  
Acting CFO/Director of Finance  
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**Item #:** 2023-789

**Subject: Temporary Amendment to the Vehicle Procurement Process**

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### **RECOMMENDATION**

**THAT** Council approve a temporary amendment to the Procurement Policy to allow for the direct purchase of vehicles and operating equipment up to a value of \$100,000, for a period of two years.

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### **PURPOSE**

To obtain approval for staff to proceed with procuring vehicles of \$100,000.00 or less without obtaining three quotes or without undergoing a competitive procurement process, as specified in the City's Procurement Policy.

The temporary process would be in place for a period of two years, at which time staff would re-evaluate the industry conditions, update Council, and seek an extension of the exemption as warranted.

### **BACKGROUND**

Current supply chain issues have resulted in a shortage of vehicles that meet the requirements of fit, form, function and the Green Fleet Action Plan. Our current Procurement Policy requires the following:

- Purchases under \$75,000.00 require three quotes or an exemption form

- Purchases over \$75,000.00 require a public procurement process or an exemption form

When staff initiate the purchase of a vehicle the current process requires, that a request for quotation be issued to three dealers. Staff are often witnessing that only one dealer may have the required vehicle in stock, and by the time three responses are received, the vehicle is no longer available.

During a typical competitive procurement process, the time needed to receive written responses, evaluate the submissions, and make a decision frequently results in the vehicle no longer being available. Further, dealers no longer hold dated pricing or inventory for an extended period, requiring that a new process be initiated either because the vehicle is no longer available, or the price has gone up.

In the current market, the City would benefit greatly from the ability to make a decision within a few hours versus the 2 – 3 weeks it takes to obtain three quotes, or the 4 - 6 weeks it takes to go through a full public process.

**DISCUSSION**

The temporary amendment proposed in this report would enable staff proceed with a single quote, and approval of the Manager of Engineering Operations and the Manager of Purchasing before proceeding with the purchase. The approval would confirm that the vehicle meets operational and Green Fleet Action Plan requirements while remaining within the approved budget.

The temporary amendment would proceed as a two-year trial for the years 2024 and 2025 with a re-evaluation at the end of 2025. Over the next two years, this amendment would affect 59 light duty vehicle or operating equipment purchases. Since 2020, supply chain issues, strict manufacture suggested retail price, and manufacturers holding back of inventory have influenced price inflation in the range of 20-30%. The current high demand market has added significant pressure to municipal fleet departments who are challenged to develop contingency plans for repairing end of life vehicles prior to procuring and receiving replacement vehicles.

The two-year trial would avoid further setbacks that have resulted from the current procurement process and its associated challenges. Amending the current process would enable a more streamlined and efficient approach when sourcing, procuring vehicles, and operating equipment under \$100,000.

**NEXT STEPS**

If the temporary amendment is approved, staff will proceed with implementing outstanding fleet purchases under a temporary amendment of the City’s Procurement Policy.

Staff will assess the trial and provide Council with an update at the end of 2025 outlining how the two-year amendment progressed and provide an update on industry challenges.

Staff will prepare future reports that speak to:

- 1) Electric vehicle charging infrastructure needs assessment, including electrical capacity studies at key fleet parking locations.
- 2) Development of a detailed deployment plan for both electric vehicle charging infrastructure and vehicle replacement, including funding strategy.

### **SUSTAINABILITY IMPLICATIONS**

With Electric and Hybrid vehicles being in such high demand, this alteration would allow the city to procure vehicles that align with our Green Fleet Initiatives in a more proactive approach.

### **FINANCIAL IMPLICATIONS**

There would be no financial implications with the proposed temporary amendment. All vehicle and equipment procurements would follow the approved 5-year Capital Plan.

### **INTERDEPARTMENTAL LIAISON**

Engineering and Finance (Purchasing) staff work closely on the procurement of vehicles and have collaborated on this report.

### **OPTIONS**

The following options are provided for Council's consideration:

1. That Council approve a temporary amendment to the Procurement Policy to allow for the direct purchase of vehicles and operating equipment up to a value of \$100,000, for a period of two years.
2. That Council provide staff with other direction.

Staff recommend option 1.

### **CONCLUSION**

Supply chain delays combined with the challenge of accurate, timely, and ample vehicles have caused an increased delay in procurement. Amending the process would allow for a more efficient replacement strategy while maintaining focus on cost, operational efficiency and green fleet initiatives.

## **APPROVALS**

This report was prepared by:  
Greg Ellis, Superintendent, Fleet Services  
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This report was reviewed by:  
Gabriel Beliveau, Manager, Engineering Operations  
Leya Behra, Manager, Climate Action

This report was approved by:  
Lisa Leblanc, Director of Engineering  
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Lisa Spitale, Chief Administrative Officer