

Request for Decision

Title	Award of Contract for Purchase of One (1) RM300 Rotary Mixer																																														
Proposed Motion	That Council authorize Administration to purchase one (1) RM300 Rotary Mixer from Finning Canada for the aggregate price of \$595,375.																																														
Administrative Recommendation	That Council approve the recommendation of the Manager of Fleet Services based on the equipment replacement plan, a solid review of the tender specifications and the service history of the vendor.																																														
Previous Council Direction	December 13, 2016 – Motion 455/16: The Capital Expenditure for the Heavy Equipment was approved in the 2017 Capital Budget.																																														
Report	<p><u>Background Information</u></p> <ul style="list-style-type: none"> The tenders for the Rotary Mixer were opened on April 12, 2017, in public in accordance with the tender instructions. Administration has reviewed and analyzed each bid. The life cycle costs of fuel and maintenance items indicate the Caterpillar machine as a cost-effective choice. Within the tender specification requirements, a 24-hour parts guarantee was requested and declined by SMS but guaranteed by Finning. Maintenance costs with the Caterpillar product came in significantly lower than Wirtgen. <table border="1"> <thead> <tr> <th>Vendor</th> <th>Finning</th> <th>SMS Equipment</th> </tr> </thead> <tbody> <tr> <td>Tendered Price per unit (GST not included)</td> <td>\$595,375.00</td> <td>\$564,813.00</td> </tr> <tr> <td>Manufacturer</td> <td>Cat</td> <td>Wirtgen</td> </tr> <tr> <td>Warranty 5 year/5,000 hours</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>Tender specs met out of 79 specs</td> <td>78</td> <td>62</td> </tr> <tr> <td>Details of the tender provided by the vendor</td> <td>Excellent</td> <td>Very Good</td> </tr> <tr> <td>Total package price</td> <td>\$595,375.00</td> <td>\$564,813.00</td> </tr> <tr> <td>Budget</td> <td>\$650,000.00</td> <td>\$650,000.00</td> </tr> <tr> <td>Over/Under Budget</td> <td>-\$54,625.00</td> <td>-\$85,187.00</td> </tr> <tr> <td>Hourly fuel consumption L/hr.</td> <td>37</td> <td>39</td> </tr> <tr> <td>Life cycle fuel cost at .75 a litre for 5,000 hours</td> <td>\$138,750.00</td> <td>\$146,250.00</td> </tr> <tr> <td>Life cycle filter cost for 5,000 hours</td> <td>\$4,300.00</td> <td>\$17,268.75</td> </tr> <tr> <td>Total life cycle cost</td> <td>\$143,050.00</td> <td>\$163,518.75</td> </tr> <tr> <td>Minimum resale value as per vendor</td> <td>\$240,500.00</td> <td>\$203,150.00</td> </tr> <tr> <td>Estimated total cost to Sturgeon County</td> <td>\$497,925.00</td> <td>\$525,181.75</td> </tr> </tbody> </table>		Vendor	Finning	SMS Equipment	Tendered Price per unit (GST not included)	\$595,375.00	\$564,813.00	Manufacturer	Cat	Wirtgen	Warranty 5 year/5,000 hours	Yes	Yes	Tender specs met out of 79 specs	78	62	Details of the tender provided by the vendor	Excellent	Very Good	Total package price	\$595,375.00	\$564,813.00	Budget	\$650,000.00	\$650,000.00	Over/Under Budget	-\$54,625.00	-\$85,187.00	Hourly fuel consumption L/hr.	37	39	Life cycle fuel cost at .75 a litre for 5,000 hours	\$138,750.00	\$146,250.00	Life cycle filter cost for 5,000 hours	\$4,300.00	\$17,268.75	Total life cycle cost	\$143,050.00	\$163,518.75	Minimum resale value as per vendor	\$240,500.00	\$203,150.00	Estimated total cost to Sturgeon County	\$497,925.00	\$525,181.75
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Fleet Services has analyzed the tenders and made the recommendation based on the following criteria:

- Price of the Product as specified;
- Level of Tender Details;
- Quality of service, dealer personnel and facilities;
- Tender specifications being met;
- Life cycle costing;
- Resale value;
- Warranty and Guaranteed Services; and
- Transportation User Group Feedback.

Finning Canada and SMS were the only two (2) bidders on the Rotary Mixer tender.

External Communication

- The Request for Tenders for the Rotary Mixer was posted on the Alberta Purchasing Connections website, the New West Partnership Trade Agreement (NWPTA) and the Agreement on Internal Trade (AIT) apply to this purchase.

Relevant Policy/Legislation/Practices:

- Procurement Directive dir_pro_fin_2014 indicates that tenders exceeding \$500,000 should be ratified at the following Council Meeting.

Implication of Administrative Recommendation

Strategic Alignment:


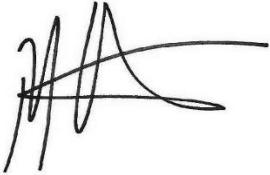

This recommendation is consistent with the Sturgeon County Strategic Plan's Focus Areas of Strong Local Governance and Regional Leadership, Respect for the Environment, and Planned Growth.

Organizational:

Having consistent capital reinvestment in our heavy equipment is a key component of delivering the desired service levels within an Operational Excellence framework including the SRIS program. Our ability to effectively execute is directly related to the quality of tools provided to Sturgeon County staff. Regular rotation enables greater machine up-time while maximizing the resale value of the equipment being replaced and minimizing repair costs.

Financial:

The approved budget for the Rotary Mixer was \$650,000.00 less the estimated sale of assets of \$115,000.00 with a net cost from current tax dollars of \$535,000.00. Sales proceed projections are conservative, however, the County typically meets or exceeds sales proceed budgets by monitoring the market and choosing optimum time to sell. If sales proceeds are greater than expected, the proceeds will be transferred to the Equipment Reserve.

Alternatives Considered	<u>Recommendation:</u> <ul style="list-style-type: none"> That Council refer tender discussion to Committee of the Whole for reconsideration of tender selection weighting of evaluation criteria.
Implications of Alternatives	<u>Strategic Alignment:</u> <ul style="list-style-type: none"> Should the alternative be considered, consistency would be unknown with Sturgeon County's Strategic Plan's Focus Areas of Strong Local Governance and Regional Leadership, Respect for the Environment, and Planned Growth and emerging focus area of Operational Effectiveness. <u>Organizational:</u> <ul style="list-style-type: none"> It is desired to award the contract for the Rotary Mixer to allow the machine to be ordered and supplied as soon as possible, thus keeping The County in line with the Replacement Plan. <u>Financial:</u> <ul style="list-style-type: none"> Alternatives to lower initial purchase expense may introduce lower quality, an unknown parts delivery timetable, and a greater risk of downtime thus lowering our overall response time and service levels.
Follow up Action	1. A purchase contract with the vendor for the supply of the Rotary Mixer will be signed.
Attachment(s)	None.
Report Reviewed by:	 Mike Philbrick, Manager Fleet and Building Services  Rick Wojtkiw, GM Corporate Support  Peter Tarnawsky, County Commissioner – CAO

Strategic Alignment Checklist

Vision: Sturgeon County: a diverse, active community that pioneers opportunities and promotes initiative while embracing rural lifestyles.

Mission: Provide quality, cost effective services and infrastructure to meet the diverse needs of the Sturgeon County community, while improving competitiveness and sustainability.

Focus Areas	Not consistent	N/A	Consistent
Strong Local Governance and Regional Leadership			
<i>We promote consistent and accountable leadership through collaborative and transparent processes (Strategic Plan, pg. 27 MDP)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <i>Consistent with neighborhood role (see MDP), master plans, policies</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Considers fiscal stability and sustainability</i> 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <i>Has a positive impact on regional and sub-regional cooperation</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Respect the Natural Environment			
<i>We acknowledge the importance of a healthy environment and will minimize and monitor our impact on ecosystems (Strategic Plan, pg. 27 MDP)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <i>Compliance with Provincial and Federal regulations and/or legislation</i> 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <i>Ensure effective environmental risk management</i> 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Community Identity & Spirit			
<i>We will build upon our strengths, where together we will create an inclusive, caring community (Strategic Plan, (Strategic Plan, pg. 27 MDP)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Promotes and/or enhances residents' identification with Sturgeon County</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Enhances service provision through community partnerships</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Supports Sturgeon County's cultural history</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Planned Growth and Prosperity			
<i>We encourage varied and integrated enterprises that enhance our strong economic base, while balancing the needs of the community and natural environment. (Strategic Plan, pg. 27 MDP)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Does the proposal align with the Integrated Regional Growth Strategy (map/policies) pg. 26 MDP</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Considers cumulative costs and long-term funding implications</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Targets growth around current or planned infrastructure</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Maintain and Enhance Strong Communities			
<i>We are committed to a safe, secure community, where our residents are respected and provided with access to opportunities. (Strategic Plan, pg. 27 MDP)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Positive impact on residents' quality of life</i> 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <i>Supports and promotes volunteer efforts</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Provides programs and services that are accessible to all residents</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Operational Excellence			
<i>We have the organizational capability to deliver consistent and defined levels of service to all stakeholders in a professional, efficient, and cost effective manner</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <i>Staff have the knowledge, skills and capability to perform their jobs</i> 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <i>Streamlines operational processes and policies</i> 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <i>Promotes engagement and professional interaction with stakeholders</i> 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <i>Considers a cost-structure which allows Sturgeon County to remain competitive within a regional, national and global context</i> 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>