

Staff Report



Community Services Department

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REPORT TO: Committee of the Whole

DATE OF MEETING: October 16, 2023

SUBMITTED BY: Bob Gilmore, Fire Chief, 519-741-2600 ext. 5501

PREPARED BY: Terry Gitzel, Deputy Fire Chief, 519-741-2600 ext. 5502

WARD(S) INVOLVED: N/A

DATE OF REPORT: September 22, 2023

REPORT NO.: CSD-2023-468

SUBJECT: Pre-Approval of Funding - Three (3) Fire Apparatus

RECOMMENDATION:

That the purchase of three (3) fire apparatus as outlined in report CSD-2023-468 be preapproved.

REPORT HIGHLIGHTS:

- The purpose of this report is to obtain pre-approval to procure fire apparatus in order to meet future operational requirements.
- Pre-approval is being sought to secure more favourable pricing and to accommodate the long production lead time due to supply chain challenges associated with apparatus manufacturing;
- This report supports the delivery of core services.

BACKGROUND:

Three fire apparatus are scheduled to be replaced in 2026. This includes one fire pumper truck, one rescue unit and one tanker unit. The Fire service has its apparatus built to defined specifications based on the intended use of the unit. These units are custom built by an American manufacturer on behalf of the authorized Canadian dealer.

The City's two most recent procurements in 2017 and 2021 secured a total of eight (8) apparatus with deliveries staggered over multiple years. The procurement of multiple apparatus at one time is seen as strategic opportunity which provide financial savings, in addition to the following benefits:

- stabilizing the sourcing exercise,
- mitigating supply risks and price escalations,
- contributing to standardization of the fleet,
- realizing significant cost savings over the apparatus life cycle,
- time savings in specification development and reduced engineering costs;

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- time savings in contract administration through the entire build process,
- time savings in training of suppression staff on each apparatus,
- time savings in training of mechanical staff on diagnosis and repair,
- reducing the need for specialty parts being inventoried, and
- increasing operational readiness.

REPORT:

Supply chain and labour issues continue to impact the manufacturing of fire apparatus, which has led to unprecedented production lead times. In the past, production had been 10-20 months depending on size and complexity of the apparatus. Manufacturers have confirmed that lead time on apparatus is now 30-55 months from issuance of a purchase order.

In addition, new regulations specific to engine classification and emissions are slated for Q1 2026. It is anticipated that this could add a projected increase per truck of \$100,000 for any open orders that are not in production with a manufacturer by a specified date (still yet to be determined).

Staff have been able to secure pricing for the three replacement units until the end of October 2023. Delaying the order beyond then will risk additional inflationary increases and potentially incur the additional \$100,000 for new regulations.

In order to lock in 2023 prices, plan for the production lead time, mitigate supply chain risks, staff are recommending the pre-approval of funding to allow the procurement of the apparatus. This will provide the best possible opportunity to receive apparatus in future years as they are required.

Fire department staff are currently exploring opportunities to purchase an electric fire truck for the opening of fire station 8. Staff will be bringing a report forward on this issue at a later date once more research is completed.

STRATEGIC PLAN ALIGNMENT:

This report supports the delivery of core services.

FINANCIAL IMPLICATIONS:

The net cost for this purchase (A), is fair and reasonable for a project of this scope and the upset limit is within the planned available (B) for this project. Funding for this project is included within the planned capital budget (2024-2026). The estimated surplus (D) will fluctuate depending on the exchange rate at time of delivery and will remain in the account to fund future vehicles and equipment.

Pre-Approval of Funding - Three (3) Fire Apparatus

Estimated Cost for this Purchase

Costs, including HST in US Dollars	3,112,000.00	
Assumed Exchange Rate	1.300	
Costs, including HST in CDN Dollars	4,045,600.00	
less: HST rebate	(402,411.71)	
Net Cost Being Awarded	<u>3,643,188.29</u>	A
Add: Projected Costs for Equipment to Outfit the Vehicles	693,000.00	
Less: Projected disposal value on old vehicles	(185,398.00)	
Total Estimated Cost	<u><u>4,150,790.29</u></u>	C

Budget for this proposal

Existing Capital Balance, October 5 2023	6,756,000.00	
Less: Vehicles already ordered & awaiting delivery	(7,386,000.00)	
Less: Other Equipment Replacement (2024-2026)	(249,000.00)	
Less: Planned SCBA Replacement (2026)	(2,000,000.00)	
Planned Fire Fleet Capital Budget Funding - 2024	2,300,000.00	
Planned Fire Fleet Capital Budget Funding - 2025	2,400,000.00	
Planned Fire Fleet Capital Budget Funding - 2026	3,380,000.00	
Total Budget	<u><u>5,201,000.00</u></u>	B
Estimated Surplus/(Deficit) (B - C)	<u><u>1,050,209.71</u></u>	D

COMMUNITY ENGAGEMENT:

INFORM – This report has been posted to the City’s website with the agenda in advance of the council / committee meeting.

PREVIOUS REPORTS/AUTHORITIES:

- FIN-2021-65 - P21-085 Two (2) Fire Pumper Trucks and Three (3) Fire Aerial Units

APPROVED BY: Michael May, General Manager, Community Services Department and Deputy CAO