



COUNCIL REPORT

To: Paul Gipps, CAO

Date: October 13, 2020

From: Mike Ummenhofer, Purchasing Manager
Jason Brolund, Fire Chief
Chad Gartrell, Assistant Fire Chief

File No:

Subject: **Fire Engine Purchase - RMA/Sourcwell Buying Group**

RECOMMENDATION

THAT Council authorize the purchase of a fire engine, budgeted in 2020; and

THAT Council authorize this purchase to be made under an existing RMA/Sourcwell contract, providing the cost falls within the established 2020 budget amount.

STRATEGIC AREA(S) OF FOCUS

Foster Safety and Well-being

BACKGROUND

In the past six years, the City has issued three RFP's for fire apparatus (2018-03-P555, 2016-04-P425 and 2014-08-P340). In each instance, the City received only one proposal from Smeal Fire Apparatus, despite posting the opportunities on BC Bid and having several plan takers download the opportunity form the City's bids&tenders website.

WKFR was advised by Smeal that a 5% across-the-board price increase was expected on future purchases, due to a corporate consolidation.

As prices are increasing and the formal RFP process is not providing the competitive response expected by the City, the Purchasing Department and West Kelowna Fire Rescue (WKFR) are proposing the use of an established buying group (RMA/Sourcwell) to purchase the fire engine budgeted for 2020.

Sourcwell was created by the State Government of Minnesota in 1978 as a buying group to leverage efficiencies, transparency and cost advantages for State and Local Governments when purchasing certain commodities. The buying group expanded into Canada and operates as RMA (Rural Municipal Alberta).

In 2018, Sourcwell issued an RFP for Fire Apparatus and awarded contracts to 10 different fire apparatus manufacturers in the United States and 5 fire apparatus

manufacturers in Canada. The contracts use a percentage discount from MSRP (Manufacturer Suggested Retail Price), rather than providing fixed dollar amounts for the myriad components required to construct a fire engine.

DISCUSSION

To purchase under the Sourcewell contract, the City would first issue a Notice of Intent (NOI) on BC Bid, outlining the City's intention to purchase a Spartan Fire engine under the established contracts. Providing there are no objections, the City would simply request a price quotation from any or all of the vetted manufacturers in Canada, quoting the established RMA contract. The price or prices would come back to the City, less the appropriate discount (currently 5%). All (RMA) administrative costs are worked into the price; there are no additional costs. The City will also pursue other possible cost savings at the time of ordering—such as early payment discounts

If a vendor raised an objection to the NOI, the City could proceed with an RFP, through a competitive process. In the past, no objections have blocked an RMA/Sourcewell Group member from using an established contract.

As the buying group has already issued a formal competitive process, it meets all of the City's trade obligations and is a legal method of procurement.

Recent examples of local RMA/Sourcewell purchases include:

- City of Vernon - two fire engines
- City of Nanaimo - backhoe
- City of Penticton - rotary mower
- City of Port Moody - Vactor flush truck

It is expected that Local Governments will increasingly come to accept this type of procurement process in the future.

The purchasing process of a fire engine is made complex by the City and WKFR's desire to standardize the fleet on a Spartan/Smeal platform, which may have resulted in fewer bids received. There are many reasons to standardize fire apparatus and it is not uncommon for fire departments to do so.

Examples of Fire Departments that have standardized equipment:

- | | |
|-------------------------|----------------------------|
| • Richmond – Pierce | • Calgary – Spartan (100+) |
| • Port Moody – Spartan | • Edmonton – Spartan |
| • Kelowna – Spartan/Hub | • Kamloops - Spartan |
| • Maple Ridge – Spartan | • Surrey - Spartan |
| • Vancouver – Spartan | • Delta - Spartan |
| • Burnaby - Spartan | |

WKFR has identified the benefits to standardizing with Spartan Fire Apparatus including a common platform that simplifies ongoing maintenance, operations and training for firefighters. When apparatus are from the same platform, they operate in a similar way, which is important during emergency situations. Parts and repair procedures are also common and this simplifies keeping the apparatus in serviceable condition.

Under the RMA/Sourcwell buying process, the City expects to save many hours of WKFR staff time required to prepare detailed specifications and requirements for an RFP process.

Should the City issue an RFP, it is anticipated that we may only receive a single submission. This makes it difficult to test the market place to determine whether the City received value for money on this purchase. The RMA/Sourcwell contract will guarantee at least a 5% price discount.

FINANCIAL IMPLICATIONS

The 2020 Capital Budget includes \$1,056,000 for the purchase of a fire engine. Staff will proceed with the purchase the fire engine under the RMA/Sourcwell arrangement if the quote received is under budget. The arrangement will lock in the US dollar rate at the time of order to ensure an exact dollar value regardless of currency fluctuations.

Alternate Motion:

THAT Council direct staff to proceed with a conventional RFP process for the 2020 purchase of a fire engine.

REVIEWED BY

Warren Everton, Director of Finance/CFO

APPROVED FOR THE AGENDA BY

Paul Gipps, CAO

Powerpoint: Yes ☐ No ☒