

City of Mississauga
Corporate Report



<p>Date: August 30, 2023</p> <p>To: Chair and Members of General Committee</p>	<p>Originator's files:</p>
<p>From: Shari Lichterman, CPA, CMA, City Manager and Chief Administrative Officer</p>	<p>Meeting date: September 20, 2023</p>

Subject

Fire & Emergency Services 2023 Vehicle Procurement

Recommendation

That funding of \$12,759,000 budgeted between 2024 and 2027 be approved ahead of the 2024 Business Plan and Budget, in addition to \$3,382,925 previously approved to facilitate execution of a 5-year procurement contract as outlined in the corporate report dated August 30, 2023 entitled "Fire & Emergency Services 2023 Vehicle Procurement" from the City Manager & Chief Administration Officer.

Executive Summary

- Mississauga Fire and Emergency Services (MFES) completed a competitive procurement process to establish a contract with a supplier to supply and deliver Emergency Services vehicles for a 5-year period
- The build period for apparatus has lengthened considerably, currently ranging from 31 months to as long as 46 months
- The tender includes fixed pricing for the first three years, with a year over year price increase of 7% for those first three years. By leveraging the tender prices established in 2023 and ordering all the identified units in 2023, the City will avoid the 7% price escalations in 2024 and 2025, or approximately \$2,100,000 in year over year price increases
- The final 2 years of the contract will require price negotiations in accordance with the terms and conditions of the contract
- As part of the three year procurement plan, between 2023 and 2025, MFES is expected to replace eight apparatus, all of which will exceed the planned 15 year useful life by the expected delivery date

- A new, fully electric apparatus is planned in 2024 to prepare for the opening of a new fire station
- MFES is seeking authority to commit total funding of \$16,141,925, of which \$3,382,925 was previously approved, to purchase fire apparatus in 2023, with deliveries and cash outflow deferred to future years

Background

Apparatus Procurement

Mississauga Fire and Emergency Services (MFES) completed a competitive procurement process to establish a contract with a supplier to supply and deliver Emergency Services vehicles for a 5-year period. MFES is committed to developing and executing a more rigorous lifecycle replacement plan for the fire fleet. Timely replacement of apparatus is key to that plan, with the extended build times for new units it is crucial that proactive measures be used to ensure continuity of service at the lowest possible cost.

The build period for apparatus has lengthened considerably, currently ranging from 31 months to as long as 46 months. The tender includes fixed pricing for the first three years, as well as an anticipated purchase quantity of apparatus in each of those years. There is an identified year over year price increase of 7% for those first three years, whereas the remaining two years will require negotiation of price in accordance with the terms and conditions of the contract.

MFES Apparatus Replacement Schedule

As part of the three year procurement plan, between 2023 and 2025, MFES is expected to replace eight apparatus, all of which will exceed the planned 15 year useful life by the expected delivery date. A new apparatus is planned for 2024 to prepare for the opening of a new fire station in 2026. The chart below details the apparatus due for replacement:

Unit Description	Planned Replacement Year		
	2023	2024	2025
1993 Hazardous Materials response	x		
2001 Tanker	x		
2003 Pumper	x		
2006 Squad	x		
2009 Pump		x	
2010 Pump		x	
New Apparatus*		x	
2010 Pumper			x
2011 Pumper			x

* New apparatus for a new fire station is eligible for electrification at a premium of \$1,000,000.

Comments

The extended lead times associated with manufacturing and delivery of fire apparatus necessitates early planning and budget allocation. By securing funds in 2023 in advance of future budget approval, MFES can ensure timely replacement of aging equipment, maintain operational readiness, and enhance public safety.

The commitment of funds in 2023 will provide the following benefits:

Effective Lifecycle Management: The current fleet of fire apparatus utilized by MFES is aging, leading to increased maintenance costs and potential operational inefficiencies. By committing funds in advance, MFES can ensure that new, reliable apparatus will be available when needed, reducing downtime and increasing operational preparedness.

Budget Optimization: Committing future budgets in advance provides financial predictability and stability. This proactive approach enables MFES to effectively manage budgetary constraints and allocate resources efficiently over the planning period. Delaying the commitment of funds could lead to budgetary challenges in the future, potentially impacting service quality and safety.

Fiscal Responsibility: By committing to the purchase now, MFES can lock in current prices and avoid price increases due to inflation or changes in market conditions.

Financial Impact

MFES requests pre-approval of \$12,759,000 ahead of 2024 budget approval to secure a contract to purchase eight replacement and one new emergency apparatus. This funding will be included in the capital budget process from 2024 to 2027, with funding aligned to the years when the expenses are incurred, as outlined below:

Project	2024	2025	2026	2027	4-Year Total
CMFS00137 - Replacement of Fire Vehicles	1,823,638	250,000	-	7,448,362	9,522,000
CMFS00137 - Electrification Premium	1,000,000	-	-	-	1,000,000
CMFS008796 - New Fire Truck and Equipment - Fire Station 123	-	-	-	2,237,000	2,237,000
Total	2,823,638	250,000	-	9,685,362	12,759,000

The total contract value of \$16,141,925 includes \$3,382,925 of approved funding in existing PN 22256, PN 22254, PN 23256 and PN 23251.

By executing a contract using the tender prices established in 2023 and ordering all the identified units in 2023, the City will avoid approximately \$2,100,000 in year over year price increases for the first three years of the contract. Due to the long lead times, these trucks will be delivered between 2024 and 2027 and expenditures will be incurred upon delivery.

Conclusion

The commitment of future budgets in 2023 for fire apparatus procurement is a proactive strategy that aligns with the operational needs of Mississauga Fire and Emergency Services. By securing funds now for delivery between 2024 and 2027, MFES will enhance its operational capabilities, strengthen public safety, and demonstrate responsible financial planning. This approach will ensure that MFES remains well-equipped to respond effectively to emergencies and fulfill its mission of protecting the community.



Shari Lichterman, CPA, CMA, City Manager and Chief Administrative Officer

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