

NO: R155

COUNCIL DATE: July 27, 2015

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## REGULAR COUNCIL

TO: **Mayor & Council** DATE: **July 16, 2015**

FROM: **General Manager, Engineering** FILE: **1280-01**

SUBJECT: **Award of Contract RFQ 1220-040-2015-036**  
**Supply of CNG Fuelled Light Trucks**

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## RECOMMENDATION

The Engineering Department recommends that Council:

1. Award RFQ 1220-040-2015-036 to Metro Motors to provide the supply of twenty-seven (27) Compressed Natural Gas (CNG) fuelled light trucks in various configurations as reflected within this report at a fee limit of \$ 1,432,723.04 (including GST and applicable levies); and
2. Set the expenditure authorization limit for this assignment at \$1,580,000.00 (including contingencies and GST).

## BACKGROUND

In preparation for the City's plans to generate renewable natural gas from the City's biofuel facility (currently under development), in 2012, the City of Surrey purchased (4) four CNG fuelled trucks to evaluate the following:

- Sustainability;
- Reliability;
- After sales support; and
- CNG fuel system technology performance as compared to gasoline and diesel fuelled vehicles.

Since the commissioning of these vehicles, they have proven to be reliable and we have not experienced any issues relating to maintenance or performance. The City has also benefited by the lower emissions produced by these CNG vehicles compared to the previous gasoline and diesel fuelled trucks that we had replaced with these vehicles.

In 2014, the City of Surrey issued RFQ 1220-040-2014-014 for the purchase of twenty one (21) CNG fuelled light trucks. These vehicles are also performing well and are meeting all of our performance expectations.

## DISCUSSION

In early 2015, the Engineering Department identified eighteen (18) of our existing light duty trucks that require replacement due to a combination of high kilometres, escalating maintenance costs, and the age of these vehicles which range between thirteen and fifteen years old (well beyond their typical ten year amortization period). All of these existing vehicles are either gasoline or diesel fuelled.

The need for nine (9) additional vehicles was further identified between both the Parks and Engineering Operations Divisions in 2014 (and budgeted for in 2015), bringing the total CNG vehicle procurement requirement to twenty-seven (27) vehicles. In this regard, in March 2015, the City issued a Request for Quotation for the supply and delivery of 27 light-duty CNG fuelled trucks of various sizes and configurations (ranging from ½ tonne to 1 tonne sized pick-up trucks).

## QUOTATION RESULTS

In accordance with the Purchasing and Expenditure Authorization By-law, the RFQ was posted on BC Bid and the City of Surrey website. The following suppliers submitted quotes:

Supplier	Tendered Amount Including Taxes & Levies	Corrected Amount
Metro Motors Ltd.	\$1,432,723.04	No Correction
DAMS Ford Lincoln Sales Ltd.	<i>Quote not compliant, only priced 14 of the 27 vehicles</i>	

## EVALUATION

An evaluation team involving staff from the Engineering Department and Finance and Technology Department reviewed the quotations for accuracy and completeness.

Metro Motors submitted the low quotation that was fully compliant, along with the required warranties for service. Metro Motors' past performance on similar procurements has been satisfactory.

DAMS Ford Lincoln did not provide pricing for the full scope of the RFQ. In addition, each of the unit prices per truck that they did provide was higher than the unit prices offered by Metro Motors.

Based on the above, it is recommended that Metro Motors be awarded Contract 1220-040-2015-036 for the supply of 27 light-duty CNG vehicles.

## SUSTAINABILITY CONSIDERATIONS

The purchase of the CNG vehicles aligns with the City's plan to fuel these trucks using the Renewable Natural Gas (RNG) that will be produced from our Biofuel Facility, presently in development. The Biofuel Facility will generate RNG by early 2017. In the interim, we will fuel these trucks using conventional compressed natural gas.

We estimate that through the operation of these 27 CNG vehicles the City will realize a collective lifecycle environmental reduction of 1,300 tonnes of Co<sub>2</sub>, along with an economic fuel savings of approximately \$227,0000 compared to using gasoline and diesel fuelled vehicles.

Based on our experiences so far with CNG vehicles, we believe there to be additional savings related to the low maintenance requirements of CNG emission control devices (on the vehicles) and associated costs, compared to gasoline and diesel vehicles. Once we have the benefit of more data to support our assumption, we will report the annual maintenance saving cost benefits through our subsequent vehicle purchases.

The purchase of the CNG vehicles, and associated economic and environmental benefits, meet the following goals, as set out in the Sustainability Charter:

- SC3: Sustainable Procurement Policies – Fleet Services conduct lifecycle costing assessment to determine the long term costs and benefits of purchasing CNG vehicle. It was determined that long term benefits outweigh the short term costs;
- EC5: “Green” Infrastructure and Sustainability Grants – Fleet Services will be seeking additional funding through the Province of BC’s Light Duty Vehicle Incentive Program, which is managed by Fortis BC;
- EC8: Energy Security – The majority of BC’s CNG is locally extracted. Further, once the City’s Biofuel Facility is operational, the trucks will be fuelled by the RNG produced at the Facility;
- EN3: Vehicle Fleet Programs – The introduction of these CNG trucks will have a significant impact on the City’s fleet emission; and
- EN5: Green Procurement Policies and Practices – As compared to diesel or gasoline, CNG is approximately a 25% cleaner burning fossil fuel.

The purchase of these CNG vehicles, and the associated environmental benefits, will further assist the City in meeting its Corporate Emissions reduction target of 20% below the baseline standards by 2020.

## FUNDING

Funding for the supply of twenty-seven CNG fuelled light trucks under RFQ 1220-040-2015-036 is available in the approved 2015 Fleet Capital Budget.

## CONCLUSION

Based on the above, the Engineering Department recommends that Council:

- Award RFQ 1220-040-2015-036 to Metro Motors to provide the supply of twenty-seven (27) Compressed Natural Gas (CNG) fuelled light trucks in various configurations as reflected within this report at a fee limit of \$ 1,432,723.04 (including GST and applicable levies); and
- Set the expenditure authorization limit for this assignment at \$1,580,000.00 (including contingencies and GST).

Fraser Smith, P.Eng., MBA  
General Manager, Engineering

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