



## Staff Report

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**Report To:** Dan Best, Chief Administrative Officer  
**From:** Jason Parr, Transportation Manager  
**Date:** August 21 2017  
**Report:** TSD.17.08  
**Subject:** Motor Grader Tender Results

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### Recommendations:

That South Huron Council receives the report from Jason Parr, Transportation Services Manager Re: Motor Grader Tender Results;

And That South Huron Council accepts the tender received from the low bidder Nortrax Canada Inc for the supply of a John Deere 772G in the amount of \$444,078.70.

And That South Huron Council authorizes a transfer from Transportation Capital Replacement Reserve in the amount of \$11,902.62 to cover the amount over approved budget if needed.

### Purpose:

The purpose of this staff report is to request that Council approve the replacement of a 1992 John Deere 770BH (#27) motor grader with a 2018 John Deere 772G.

### Background and Analysis:

The tender for the supply one motor grader was advertised in the Exeter Times Advocate Municipality of South Huron Hub on July 26, 2017. Tenders closed on August 02, 2017 at 1:00pm at the Municipal Office in Exeter. Two (2) tenders was received and opened by Deputy Mayor Dave Frayne as witnessed by, Sandy Becker, Financial Services Manager/Treasurer, Don Giberson Environmental Services Director and Jason Parr, Transportation Services Manager.

<b>Tender Summary For 2018 Motor Grader</b> <b>with Provisional windrow eliminator and extended warranty</b>					
	<b>Dealership</b>	<b>Quoted Price including HST</b>	<b>Quoted Price Excluding HST</b>	<b>Unrecoverable HST</b>	<b>Total Cost</b>
1	Nortrax Canada Inc.	\$ 444,078.70	\$ 392,990.00	\$ 6,916.62	\$399,906.62
2	Toromont Cat	\$ 471,567.08	\$ 417,316.00	\$ 7,344.76	\$424,660.76

## **Operational Considerations:**

There are two alternatives available for consideration:

1. Alter the proposed recommendation by removing the Five (5) year/5000 hours extended warranty in the amount of \$9,429.08 (including Non-Recoverable H.S.T). This alternative is not recommended as Transportation Services department feel that an extended warranty on a piece of equipment of this magnitude is fiscally responsible.
2. Alter the proposed recommendation by removing the towable windrow eliminator in the amount of \$19,619.33 (including Non-Recoverable H.S.T). This alternative is not recommended as it will decrease the productivity when grading roads and increase fuel consumption, equipment and man hours.

## **South Huron's Strategic Plan:**

Section 6.2.2 of the Municipality of South Huron 2015- 2019 Strategic Plan identifies key objectives that are reflective of the collective perspectives of the strategic planning process.

The recommendations and actions outlined in this report are reflective of the following strategic objectives:

### Administrative Efficiency and Fiscal Responsibility

This work was publicly tendered as early as possible in the fiscal year in order to achieve the best possible pricing.

### Increased Communications and Municipal Leadership

The tender was advertised in the local newspapers and on the municipal web site.

### Transparent, Accountable and Collaborative Governance

The transparent public tendering process for this equipment is in accordance with the procurement By-law 33-2017.

### Dedicated Economic Development Effort

Having well maintained roads is essential to attracting and retaining businesses. With maintaining the current level of service on our roads, there is a necessity for life cycle replacement of equipment.

### **Financial Impact:**

The costs associated with the purchase of a Heavy Duty grader have been included in the 2017 Capital Budget. The allocated budget for the replacement grader is \$388,000.

The total amount including two provisional items being a 5 year extended warranty and a Windrow eliminator and the non-recoverable HST is **higher** than the amount approved in the 2017 Transportation Services capital budget by \$11,906.62.

Base Price	\$364,444.00
Provisional Item	\$ 19,280.00
5 year extended warranty	<u>\$ 9,266.00</u>
Sub-total	\$392,990.00
HST Expense	<u>\$ 6,916.62</u>
Total	\$399,906.62

It is anticipated that the windrow eliminator will decrease equipment working hours, potential operator overtime hours, and maintenance costs. The extended warranty will control the extra maintenance costs associated with equipment repairs on an essential piece of Municipal equipment for the 5 year term.

Staff are requesting that the over budget amount of \$11,906.62 be covered by transferring funds from the Transportation Capital Replacement Reserve. If a savings is realized from the tendering of other capital projects this transfer will not be required.

**Legal Impact:**

There are no legal implications for the Corporation resulting from the proposed recommendation.

**Staffing Impact:**

There are no staffing implications for the Corporation resulting from the proposed recommendation.

**Policies/Legislation:**

1. Procurement of Goods and Services Policy
2. Approved Transportation Capital Budget

**Consultation:**

Sandy Becker - Manager of Financial Services/Treasurer

**Related Documents:**

No attachments or related documents associated with this report.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Jason Parr', with a stylized flourish at the end.

**Jason Parr, Transportation Manager**