Report - Standing Policy Committee on Protection and Community Services – March 9, 2009

Item No. 9 Award of Contract for the Lease Agreement for Supply and Delivery of Fire Fighting Turnout Gear (Protective Ensemble) and Leather Fire Fighting Boots, complete with Maintenance and Repair Contract eFile GL-9

STANDING COMMITTEE RECOMMENDATION:

On March 19, 2009, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Protection and Community Services and submits the following to Council:

1. That the minor specification deviations in the product offered by Morning Pride Manufacturing LLC dba Total Fire Group be waived.

2. That a contract for a five year lease agreement in the estimated amount of $2,587,279.82 (plus PST and GST extra as applicable) for the Supply and Delivery of Fire Fighting Turnout Gear (Protective Ensemble) and Leather Fire Fighting Boots, complete with In-House Maintenance and Repair (Alternative 2) be awarded to Morning Pride Manufacturing L.L.C. dba Total Fire Group, the bidder who submitted the low responsive bid meeting the specifications of the Bid Opportunity document and receiving the best score based on the evaluation criteria.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report - Standing Policy Committee on Protection and Community Services - March 9, 2009

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 19, 2009, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Protection and Community Services and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On March 9, 2009, the Standing Policy Committee on Protection and Community Services concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

RE: AWARD OF CONTRACT FOR THE LEASE AGREEMENT FOR SUPPLY AND DELIVERY OF FIRE FIGHTING TURNOUT GEAR (PROTECTIVE ENSEMBLE) AND LEATHER FIRE FIGHTING BOOTS, COMPLETE WITH MAINTENANCE AND REPAIR CONTRACT (Bid Opportunity No. 744-2008)

FOR SUBMISSION TO: Standing Policy Committee on Protection & Community Services

ORIGINAL REPORT SIGNED BY: J.R. (Jim) Brennan
Fire & Paramedic Chief

REPORT DATE: February 26, 2009

RECOMMENDATION:

1. That the minor specification deviations in the product offered by Morning Pride Manufacturing LLC dba Total Fire Group be waived.

2. That a contract for a five (5) year lease agreement in the estimated amount of $2,587,279.82 (plus PST and GST extra as applicable) for the Supply and Delivery of Fire Fighting Turnout Gear (Protective Ensemble) and Leather Fire Fighting Boots, Complete with In-House Maintenance and Repair (Alternative 2) be awarded to Morning Pride Manufacturing L.L.C. dba Total Fire Group, the bidder who submitted the low responsive bid meeting the specifications of the Bid Opportunity document and receiving the best score based on the evaluation criteria.

Report Summary

Key Issues:

The department is issuing new protective clothing to the entire department to meet the current standard of safety. After the initial issue the members will receive replacements on an “as required” basis as the need arises to ensure safe work protection or as new staff are hired.

Implications of the Recommendation(s):

General Implications

( ) None

( ) For the organization overall and/or for other departments

( ) For the community and/or organizations external to the City

(X) Involves a multi-year contract

Comment(s):

Policy Implications

(X) No

( ) Yes

Comment(s):

Regulatory Implications

(X) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Comment(s):

Environmental Implications

(X) No

( ) Yes

Comment(s):

Human Resources Implications

(X) No

( ) Yes

Comment(s):

Financial Implications

(X) Within approved current and/or capital budget

( ) Current and/or capital budget adjustment required

Comment(s): Although this contract commits the City in future years WFPS feels that the lease payments can be accommodated within operating budgets as forecasted.

REASON FOR THE REPORT:

The total conditional amount to be paid by the City pursuant to the contract is estimated to be $2,587,279.82 plus PST and GST, which represents a five (5) year lease to own contract that after the initial order of approximately 880 sets of turnout gear and boots, only obligates the City to order goods when required by the City and only in quantities required by the City. As this contract commits the City to lease payments in future budgets, Council approval is required.

HISTORY:

A bid opportunity was issued by the Materials Management Division of the Corporate Finance Department for the supply and delivery of structural fire fighting turnout gear and leather fire fighting boots for the period from the date of award to May 31, 2014.

Final receipt of bids took place November 21, 2008. Bid validity extensions were granted until March 30, 2009.

DISCUSSION:

The fire fighting turnout coat, pants and boots are considered part of personal protective equipment issued to firefighters. The maintenance program is required to ensure ongoing safety and performance of the protective equipment.

There were three alternatives for which the bidders could submit pricing.

Alternative 1 - Five (5) year lease to own complete with a care and maintenance program provided by the bidder for either 12 or 60 months.

Alternative 2 - Five (5) year lease to own complete with training provided to two (2) City of Winnipeg employees to conduct the care and maintenance program under the license of the manufacturer.

Alternative 3 - Purchase complete with training provided to two (2) City of Winnipeg employees to conduct the care and maintenance program under the license of the manufacturer.

The City received bids from three (3) bidders as follows:

ABC Fire and Safety (Innotex) (Option 1)

1) $1,847,155.20 (includes 12 month care and maintenance)
2) $1,782,528.00
3) $1,584,985.60

ABC Fire and Safety (Innotex) (Option 2)

1) $1,875,244.80 (includes 12 month care and maintenance)
2) $1,782,528.00
3) $1,584,985.60

Morning Pride Manufacturing L.L.C. dba Total Fire Group

1) $2,699,924.92 (includes 12 month care and maintenance)
2) $2,587,279.82
3) $2,244,237.60

BH Safety (Starfield Lion)

1) No bid
2) No bid
3) $2,270,380.00

Representative samples were purchased from all bidders and evaluated as per the evaluation criteria stipulated in B13 of the Bid Opportunity document.

EVALUATION OF BIDS

B13.1 Award of the Contract shall be based on the following bid evaluation criteria:

(a) compliance by the Bidder with the requirements of the Bid Opportunity or acceptable deviation therefrom (includes destructive evaluation by City Committee)		pass/fail;
(b) Qualifications of the Bidder and the Subcontractors, if any, pursuant to B9		pass/fail;
	Turnout Coat & Trousers	**Boots**
(c) Design and construction features exceeding the minimum mandatory requirements	40%	50%;
(d) Quality of workmanship	20%	30%;
(e) Performance Test Values	20%	------;
(f) Total Bid Price	20%	20%.

(g) economic analysis of any approved alternative pursuant to B5.

The product offered by the low price bidder, ABC Fire and Safety Equipment Ltd., was determined to be unacceptable due to the number of deviations from the detailed specifications including the assembly of materials, as well as failing to provide the required certifications within the allowed timeframe. These deviations are significant and should not be waived. Therefore, this product does not meet specifications and should not be considered.

The product offered by BH Safety Services and Consulting Ltd. failed to comply with the required materials and critical assembly factors, as well as failing to provide the required

certifications within the allowed timeframe. These deviations are significant and should not be waived.
The product offered by the second low price bidder, Morning Pride Manufacturing L.L.C. dba Total Fire Group complied with the specifications, with the exception of some minor deviations which in the opinion of the evaluators, were not material and are recommended to be waived. Morning Pride Manufacturing L.L.C. met the allowed timeframe to provide the required certifications. Morning Pride Manufacturing L.L.C. received the highest scores for design and construction features exceeding the minimum mandatory requirements, quality of workmanship and performance test values.

Despite determining that the products offered by ABC Fire and Safety Equipment Ltd. and BH Safety Services and Consulting Ltd. had unacceptable deviations from the specification requirements of the Bid Opportunity, those bids were evaluated on the other evaluation criteria for comparison purposes, and the following ranking depicts the point accumulation based on those other evaluation criteria.

Ranking	Alternative 1	Alternative 2	Alternative 3
1	Morning Pride	Morning Pride	Morning Pride
2	ABC Innotex (Options 1 and 2)	ABC Innotex (Options 1 and 2)	ABC Innotex (Options 1 and 2)
3	No bid	No bid	BH Starfield Lion

The complete evaluation matrix is available to the award authority upon request.

The Fire Paramedic Service is confident the proposed contractor has the necessary skills and resources to perform the work.

The Bid Opportunity provided for the bidders to bid on three alternatives, lease to own with care and maintenance, lease to own with in-house care and maintenance, and purchase, and stated that the City will award the alternative that is in its best interests.

Alternative1 is not a recommended option, as the goods bid are the same offered in Alternative 2 and 3, however the costs associated with maintenance and repair delivered by the bidder for a period of 12 months are high and have the potential to escalate in each subsequent year. The other alternatives provide for a more desirable 'in-house maintenance and repair solution' that allows for WFPS staff to be trained to provide maintenance and repair of turnout coats and pants under the bidder's license. This will stabilize the costs of this service within the operating budget and permits the future delivery of this service by WFPS, beyond the five year agreement. The training of WFPS staff is included in the contract.

Alternative 2 (Lease) is recommended over Alternative 3 (Purchase) because it allows the City of Winnipeg complete replacement of the turnout gear and to meet the new safety standards for protective equipment as well as defer the costs of purchasing over

60 months. The costs of leasing to own are not prohibitive and will be managed within the operating budget through the 60 month agreement.

The Fire Paramedic Service does not have sufficient funding in its current estimates to fund the purchase option, but does have sufficient funding in its current estimates for the lease to own option over five years. The implicit interest rate on the lease option is calculated to be 5.74%, which is slightly higher than the City of Winnipeg's short term borrowing rate of 4.50%. WFPS has calculated the additional interest over the term of the lease over the cost of financing through short term borrowing as approximately $77,000. Based on the above, WFPS is recommending that the contract be awarded under the lease to own alternative.

As a clarification, the "maintenance and repair" in the Bid Opportunity title is the same work as the "care and maintenance" set out on Form B: Prices and in the Supplemental Conditions and Specifications. The care and maintenance in the Bid Opportunity is for the turnout coat and trousers, not for the leather fire fighting boots.

The requirements for bid and performance security and the execution of formal contract were waived by the Manager of Materials under the authority delegated pursuant to Administrative Directive FM-002.

The Bid Opportunity provided for a sixty (60) month lease term with the first payment due June 1, 2009. Because of the timing of the award of contract the lease term will commence one month later with the first payment due July 1, 2009.

Financial Impact Statement

Date: February 26, 2009

Project Name:

Award of contract for WFPS Turnout Gear and Boots RFP 744-2008

First Year of Program 2009

	2009	2010	2011	2012	2013	2014
Capital						
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -	$ -
Funding Sources:						
Debt - Internal	$ -	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-	
Grants (Enter Description Here)	-	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -					
Total Additional Debt Required	$ -					
Current Expenditures/Revenues						
Direct Costs	$ 258,728	$ 517,456	$ 517,456	$ 517,456	$ 517,456	$ 258,728
Less: Incremental Revenue/Recovery	-	-	-	-	-	-
Net Cost/(Benefit)	$ 258,728	$ 517,456	$ 517,456	$ 517,456	$ 517,456	$ 258,728
Less: Existing Budget Amounts	258,728	517,456	517,456	517,456	517,456	258,728
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -	$ -

Additional Comments: This financial impact statement assumes the lease option comes into effect July 1, 2009. The costs can be accommodated within forecasted budgets in future years. Page 6 of this report includes further financial information concerning this award.

original signed by

Bodo Roloff, CMA
Manager of Finance & Administration

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

Corporate Finance Department, Materials Management Division
Legal Services (as to legal issues)

External Consultation With:

THIS REPORT SUBMITTED BY:

Department:	Winnipeg Fire Paramedic Service
Division	Operations
Prepared by:	Ken Sim
File No.	Bid Opportunity 744-2008

Approved by:

Original signed by

J.R. (Jim) Brennan
Fire & Paramedic Chief