

Request for Decision

Title	Award of Contracts for the Purchase of Two Motor Graders
Proposed Motions	<ol style="list-style-type: none"> 1. That Council award the contract for the purchase of one John Deere 872GP divisional motor grader to Brandt Tractor at a contract price of \$677,964.56, excluding GST, and authorize the Chief Administrative Officer to execute the contract. 2. That Council award the contract for the purchase of one Caterpillar 140 maintenance motor grader to Finning Canada at a contract price of \$623,590.00, excluding GST, and authorize the Chief Administrative Officer to execute the contract.
Administrative Recommendation	Administration recommends that Council support the award of contracts to purchase two motor graders, aligning with the approved 2024 Capital Budget.
Previous Council / Committee Direction	<p><u>December 12, 2023 Regular Council Meeting</u> Motion 452/23: That Council approve the 2024 Operating and Capital Budget as amended by motions passed on November 22 and 23, 2023.</p> <p><u>December 13, 2022 Regular Council Meeting</u> Motion 482/22: That Council approve the 2023-2025 Capital Budgets in the amounts of \$35,701,907 for 2023, \$42,114,975 for 2024, and \$38,639,232 for 2025 as referenced in Attachment 3: Capital Funding and Project Listing.</p>
Report	<p><u>Background Information</u></p> <ul style="list-style-type: none"> As part of the 2024 Capital Budget passed on December 12, 2023, Council approved the replacement of two different horsepower class motor graders. The replacement of these two graders aligns with a planned capital replacement schedule based on several factors, including: <ul style="list-style-type: none"> Replacement cost; Operating cost; Maintenance cost per hour; Fuel cost per hour; Resale value; Warranty and service; Proposal scoring; and Transportation user group feedback.

	<ul style="list-style-type: none"> The Invitation to Tender was prepared based on consultations with operators, supervisors, relevant managers, and Procurement Services. <p><u>External Communication</u></p> <p>The Invitation to Tender for the motor graders was posted on the Alberta Purchasing Connection website. The New West Partnership Trade Agreement (NWPTA) and the Agreement on Internal Trade (AIT) apply to this purchase.</p> <p><u>Relevant Policy/Legislation/Practices</u></p> <p>The Procurement Policy indicates that purchases exceeding \$500,000 should be ratified at the following Council Meeting.</p>										
Implication of Administrative Recommendation	<p><u>Strategic Alignment</u></p> <ul style="list-style-type: none"> Operational Excellence – Administration examined the best options for replacement to determine the most appropriately sized machine. In alignment with the County’s capital replacement plan, these three graders will support quality cost effective service delivery to residents. Planned Growth – The Caterpillar 140 maintenance motor grader is replacing a much larger construction sized motor grader to better enhance services in the Sturgeon Valley and other subdivisions. As these subdivisions grow, smaller more agile machines are needed to service these areas in order to meet resident expectations. <p><u>Organizational</u></p> <ul style="list-style-type: none"> Consistent capital reinvestment in the County’s front line service equipment is a key component of delivering a defined level of service. Planned replacement timelines enable greater reliability leading to increased machine uptime while maximizing the resale value of the equipment being replaced. Operating and capital replacement models have been developed to ensure maintenance costs are balanced with new purchase timeline considerations. Based on delivery timeline guarantees of late 2024, this aligns well with operational annual maintenance costs for equipment. <p><u>Financial</u></p> <p>John Deere 872GP Divisional Motor Grader</p> <ul style="list-style-type: none"> The approved budget for the divisional motor grader is \$700,000. The proposed contract price is \$677,964.56 excluding GST. Estimated sale of assets is conservative with any additional funds secured from sale of assets to be returned to the Vehicle & Equipment Reserve. <table border="1"> <tr> <td>Available budget</td><td>\$700,000.00</td></tr> <tr> <td>Contract cost</td><td>\$677,964.56</td></tr> <tr> <td>Under Budget</td><td>\$22,035.44</td></tr> <tr> <td>Conservative sale proceeds</td><td>\$200,000.00</td></tr> <tr> <td>Total Returned to reserves</td><td>\$222,035.44</td></tr> </table>	Available budget	\$700,000.00	Contract cost	\$677,964.56	Under Budget	\$22,035.44	Conservative sale proceeds	\$200,000.00	Total Returned to reserves	\$222,035.44
Available budget	\$700,000.00										
Contract cost	\$677,964.56										
Under Budget	\$22,035.44										
Conservative sale proceeds	\$200,000.00										
Total Returned to reserves	\$222,035.44										

Financial

Caterpillar 140 Maintenance Motor Grader

- The approved budget for the maintenance motor grader is \$1,030,000. The proposed contract price is \$623,590.00 excluding GST.
- After careful review, a smaller machine was deemed more appropriate to align with current and future needs of Infrastructure Services, which resulted in significant savings. The rationale is as follows:
 - **Summer Maintenance:** This unit will be utilized on the oil and asphalt repair crew during the summer season. The laying out of asphaltic material is difficult with large graders and having a lighter unit with shorter moldboard allows the operator to be much more accurate with narrow lane grading and has less impact on adjacent roads when turning around/maneuvering. While the 14-size grader is used for the mixing and windrowing of asphaltic materials, finishing work is much better suited to the smaller unit as specified.
 - **Winter Maintenance:** This unit will also be utilized for Paved Roads snow removal during the winter season. Looking ahead at the anticipated growth of Sturgeon Valley and the existing tight conditions in Cardiff and River's Gate, the smaller and narrower machine that provides better visibility will be better suited to this environment increasing operating efficiency/speed and increasing safety by having more room to operate.
- Estimated sale of assets is conservative with any additional funds secured from sale of assets to be returned to the Vehicle & Equipment Reserve.

Available budget	\$1,030,000.00
Contract cost	\$623,590.00
Under Budget	\$406,410.00
Conservative sale proceeds	\$200,000.00
Total Returned to reserves	\$606,410.00

Alternatives Considered

- To align with the approved budget, Council could consider the purchase of motor graders with different specifications.
- If this is the direction of Council, Administration would recommend postponing this matter to the next Council Meeting for fulsome information on organizational and financial implications to be presented.

Implications of Alternatives

Strategic Alignment

None.

Organizational

- Delays in replacement of machines due to be replaced.
- Increased risk of downtime on equipment.

	<ul style="list-style-type: none"> Increased possibility of impacts to residential service levels. <p><u>Financial</u> Potential increased cost of equipment acquisition with other competitive bids being higher in price than the proposed.</p>
Follow up Action	<ol style="list-style-type: none"> Draft the contract as outlined within the Request for Proposals (Procurement Services & Fleet & Facility Services, May 2024). Execute the contract with the successful proponent (CAO Office, Q2 2024).
Attachment(s)	<ol style="list-style-type: none"> Attachment 1: Images of John Deere 872GP Divisional Motor Grader Attachment 2: Images of Caterpillar 140 Maintenance Motor Grader
Report Reviewed by:	<p>Michael Philbrick, Manager, Fleet & Facility Services</p> <p>Andrew Hayes, General Manager, Financial Services & Chief Financial Officer</p> <p>Gord Cebryk, General Manager, Infrastructure Services</p> <p>Reegan McCullough, County Commissioner - CAO</p>

Strategic Alignment Checklist

Vision: *Offering a rich tapestry of historical, cultural, and natural experiences, Sturgeon County is a municipality that honours its rural roots and cultivates desirable communities. Uniquely situated to provide world-class agricultural, energy, and business investment opportunities, the County prioritizes responsible stewardship and dreaming big.*

Guiding Principles: Collaboration | Accountability | Flexibility | Excellence | Safety | Future Readiness | Affordability | Innovation

Community Outcome	Not consistent	Consistent	N/A
Planned Growth			
<ul style="list-style-type: none"> Internationally competitive to attract, grow and sustain diverse businesses; tenacious focus on new growth and innovation 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Modern broadband and digital capabilities 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Low cost, minimal red-tape regulations 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Reliable and effective infrastructure planning; comprehensive land use and infrastructure planning 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Thriving Communities			
<ul style="list-style-type: none"> Beautiful, surprising places with high standards; integrated natural spaces & trail systems; healthy and resilient 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Engaging cultural, historical, and civic amenities; strong community identity and pride 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Safe, welcoming, and diverse communities; small community feel and personal connection; commitment to high quality of life 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Environmental Stewardship			
<ul style="list-style-type: none"> Clean air, land, and water; Carbon neutral municipal practices; circular economy opportunities 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Conservation of natural areas and agricultural lands; enhanced greening and biodiversity; safekeeping ecosystems 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Sustainable development; partnerships with industry and others to drive emission reductions 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Collaborative Governance			
<ul style="list-style-type: none"> Predictable and stable external relationships; volunteer partnerships 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Meaningful connections with Indigenous communities 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Ongoing community consultation and engagement; transparent and action-oriented decision making based on sound rationale 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Respectful and informed debate; clear and supportive governance processes 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Operational Excellence			
<ul style="list-style-type: none"> Engaged and effective people – Council, Admin and Volunteers; continuous learning and improvement mindset; nimble and bold, with strong leadership 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Quality cost-effective service delivery; robust procurement and operational practices and policies; asset management and performance measurement; careful debt and reserve stewardship; long-term financial planning and sustainability 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Future focused thinking to proactively respond to emerging opportunities and challenges 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Alternative revenue generation and service delivery models integrated strategic and business planning 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>