

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MARCH 19, 2013

Item 10, Report No. 9, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on March 19, 2013.

10 EXTENSION OF CONTRACT T08-057 FOR WINTER ROAD MAINTENANCE SERVICES

The Committee of the Whole recommends approval of the recommendation contained in the following report of the Commissioner of Engineering and Public Works, dated February 26, 2013:

Recommendation

The Commissioner of Engineering and Public Works recommends:

1. Contract(s) T08-057 for the provision of winter road maintenance services (road ploughing, road salting, anti-icing, and residential driveway windrow clearing), be extended for a two year period, as per the provisions in the contracts.

Contribution to Sustainability

Efficient and effective winter road maintenance services contribute positively to the economy vitality and sustainability of the City.

Economic Impact

The optional two year extension period is limited to a maximum 5% CPI adjustment

Tender T08-057 was awarded in 2008 and was for a three year fixed period, with two optional extension periods of two years each. The initial three year contract period ended March 31, 2011. The contract was subsequently extended for a two year period, and ends March 31, 2013. The second extension period would provide winter road maintenance services for the 2013-2014 and 2014 -2015 winter seasons.

The first three years of the contract were at a fixed price; however, the optional extension periods allow for an economic increase relative to the annual rate of change in the Consumer Price Index, using June as the adjustment month, with a cap of 5% in any given year. The first optional two year extension period will end on March 31, 2013, and a final optional extension period would commence on November 1, 2013 and end on March 31, 2015.

Notwithstanding the lighter winter weather experienced during the most recent winter seasons, contracted winter maintenance costs for 2013 are estimated to be close to \$6,278,000.

Equipment standby payments currently represent approximately 76% of the winter maintenance contract costs

Daily standby rates are paid to ensure that the equipment dedicated to the contract is available for use at any time throughout the winter maintenance season. It is important to note that the payment of a daily equipment standby rate is not unique to Vaughan. This is an industry standard practice that provides a municipality "insurance" that it has the necessary equipment available to perform the work at any time throughout the winter season.

There are 142 days of standby paid for salting and anti-icing equipment, and 121 days of standby paid for windrow clearing and road ploughing equipment. The equipment used for contract T08-057 is stationed at the City's three works yards. Each piece is inspected when it is brought in at the beginning of each winter season, and on a regular basis each week throughout the winter season, to ensure it is fully operational.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MARCH 19, 2013

Item 10, CW Report No. 9 – Page 2

Between the two contracts, there are almost 130 pieces of equipment for which a daily standby rate is paid. For 2013, the equipment standby costs are approximately \$4,708,000.

Budget allocations for contracted winter road maintenance services are based on historical trends and equipment standby costs

In an average winter, there are 5 full-scale road ploughing and windrow clearing events, and 43 full-scale salting and anti-icing events. As noted above, 76% of the winter road maintenance contract costs are for equipment standby. Approximately \$1,570,000 is budgeted for the actual cost to perform the work.

The cost of road salt and liquid anti-icing chemicals are budgeted separately and are not part of these contracts. The actual total annual winter maintenance costs are dependant upon number and severity of the winter storm events.

Funds have been included in the 2013 Operating Budget to cover the estimated rate of inflation relative to the current contract costs, and were based on the existing services continuing to be provided.

Communications Plan

Not applicable.

Purpose

To extend the winter road maintenance contracts, for a two year period, as per the provisions of the contracts, allowing for the completion of the City's operational review of winter road maintenance services, and to incorporate the results into a restructured contract, intended to stimulate better market response.

Background - Analysis and Options

There are two contractors currently providing winter road maintenance services

Tender 08-057 was awarded in 2008, and commenced with the 2008-2009 winter season. Based on the tender prices, the contract was awarded to two separate contractors. Armking Contracting Limited provides winter road maintenance services to the area east of Weston Road, and Gazzola Paving Ltd. Provides services to the area west of Weston Road. The tender contained two "parts", based on the previously noted geographical split of the City.

The current contract for winter road maintenance services stipulates age limits on equipment

Almost 130 pieces of equipment are contracted to provide road salting, road ploughing, anti-icing and residential driveway windrow clearing services. The tender has specific requirements in it in terms of type of equipment and its age. For example, no plough truck or salt spreader unit can be older than 15 years old, and no motor grader can be older than 25 years old. In addition to age limits on equipment, windrow clearing units are somewhat specialized pieces of equipment, requiring modifications to backhoes and tractors to perform this work.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MARCH 19, 2013

Item 10, CW Report No. 9 – Page 3

Issuing a new tender for winter road maintenance services at this time will limit opportunities for new bidders to source the necessary equipment, and may limit competition

As noted previously, the current service levels require a significant number of vehicles and specialized units. Given this, it would be extremely difficult for any new bidders to source all of the necessary equipment in place to start the 2013-2014 winter season. It may be possible that the only bidders capable of cost effectively fulfilling a new contract would be the current service providers.

Extending the current contracts for another two year term affords sufficient time to complete an operational review on winter road maintenance service levels, and develop a comprehensive, long-term tender, reflecting confirmed or revised service levels

Extending the existing contracts would allow an operational review to be completed with respect to the City's winter maintenance service levels provided, and incorporate any changes into a new tender document.

To help stimulate competition and encourage new firms to bid, it is intended that the next contract for winter road maintenance services would be for a period of at least 7 years. This would allow time for new bidders to purchase equipment and amortize it over the life of the contract. The intent is to tender and award a new contract, one year prior to the contract commencement of November 2015. This approach representing a municipal best practice and has recently been used to increase competition and reduced prices.

The first contract extension expires on March 31, 2013, and time is of the essence. In order for the current contractors to prepare for the 2013-2014 winter season, equipment needs to be sourced now in order to ensure the age of the fleet complies with the provisions of the contract. Both contractors have indicated they are willing to extend the contracts, and provide the existing services.

It is recommended that T08-057 be extended for a final two year period, as per the provisions of the contracts.

Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with the priorities previously set by Council and ties into the following Vaughan Vision 20/20 Goals and Objectives:

Goal:	Service Excellence
Objective:	Demonstrate Excellence in Service Delivery
Objective:	Promote Community Safety, Health & Wellness

Regional Implications

Not applicable

Conclusion

In order to ensure the existing winter road maintenance services are provided for the 2013-2014 and the 2014-2015 winter seasons, it is recommended that T08-057 be extended for a two year period, as per the provisions of the contract(s). This will allow sufficient time to perform a service review on winter road maintenance activities, confirm and/or adjust service levels, and develop and award the new contract(s).

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MARCH 19, 2013

Item 10, CW Report No. 9 – Page 4

Attachments

N/A

Report prepared by:

Brian T. Anthony, Director of Public Works, Ext 6116
Jeff Johnston, Manager of Road Maintenance Services, Ext 6120