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Communication
CW: April 5/16
Item: 6

DATE: APRIL 1, 2016

TO: MAYOR AND MEMBERS OF COUNCIL

FROM: PAUL JANKOWSKI, DEPUTY CITY MANAGER OF PUBLIC WORKS
ZORAN POSTIC, DIRECTOR OF TRANSPORTATION SERVICES, PARKS AND
FORESTRY OPERATIONS

RE: COMMUNICATION – COMMITTEE OF THE WHOLE – APRIL 5, 2016

AWARD OF TENDER T16-038 – WINTER ROAD MAINTENANCE SERVICES
ITEM 6, REPORT NO. 18
COMMITTEE OF THE WHOLE - APRIL 5, 2016

Recommendation

The Deputy City Manager of Public Works and the Director of Transportation Services, Parks and Forestry Operations, in consultation with the Chief Financial Officer and City Treasurer, the Director of Procurement Services and the Director of Financial Planning and Development Finance and Deputy City Treasurer recommend:

1. That Tender T16-038 Winter Road Maintenance Services Part A Service Area be awarded to Maple-Crete Incorporated in the amount of \$18,773,703 plus applicable taxes for a period of six (6) years with an option to extend the contract for two (2) additional two (2) year terms;
2. That Tender T16-038 Winter Road Maintenance Services Part B Service Area be awarded to Ashland Paving Limited in the amount of \$19,387,260 plus applicable taxes for a period of six (6) years with an option to extend the contract for two (2) additional two (2) year terms;
3. That the Mayor and City Clerk be authorized to sign the appropriate documents.

Contribution to Sustainability

This report contributes to the goals and objectives within the Green Directions Vaughan, the City's Community Sustainability Environmental Master Plan, specifically:

Goal 3: To ensure that Vaughan is a city that is easy to get around with a low environmental impact.

Objective 3.2: To develop and sustain a network of roads that supports efficient and accessible public and private transit.

Economic Impact

The cost structure of Tender T16-038 – Winter Road Maintenance Services is based on stand-by rates and operating rates. Stand-by rates are paid per unit of equipment for each day of the winter season. Operating rates are paid per unit of equipment per hour the equipment is operating. As a result, stand-by costs remain constant throughout the contract term and the operating costs vary each year based on the hours of operation required. Operating costs are directly dependent on the severity of the winter season and will vary for each winter season. The City has a Winterization Reserve to mitigate the impact of severe winter seasons on the City's overall financial position.

Based on an average winter season, excluding the impact from the performance management component (i.e. incentives, disincentives and liquidated damages) and provisional items, the costs of the first winter season is expected to be \$6.7M which is within the annual winter road maintenance services operating budget of \$7.0M.

The unit prices will be adjusted after the first two (2) winter seasons based on the average annual rate of change in the Consumer Price Index (Ontario), in July, for all items. Any adjustments shall have a maximum ceiling of 5% in any given year. Funds required to accommodate any price increase will be included in future budget deliberations.

Tender T16-038 – Winter Road Maintenance Services maintains a comprehensive performance management component, as outlined in Attachment No. 1 in the corresponding Item 6, Report No. 18, from the Committee of the Whole, April 5, 2016, which includes the application of incentives, disincentives and liquidated damages based on contractor performance. Additionally, the City may choose to exercise the provisional items included in the bid document. Both the performance management component and the provisional items will have a further economic impact.

Communications Plan

There is no communication plan associated with this report.

Purpose

As indicated in Item 6, Report No. 18, from the Committee of the Whole, April 5, 2016, the purpose of this communication is to provide a synopsis of the bid results for Tender T16-038 – Winter Road Maintenance Services and recommend that it be awarded to the lowest compliant bidders for Part A Service Area and Part B Service Area.

Background – Analysis and Options

Following the deadline for the submission of bids of Tender T16-038 – Winter Road Maintenance Services, it was determined that the lowest compliant bidder for Part A Service Area is Maple-Crete Incorporated, and the lowest compliant bidder for Part B Service Area is Ashland Paving Limited. It is recommended that Part A Service Area awarded to Maple-Crete Incorporated and that Part B be awarded to Ashland Paving Limited, accordingly.

The deadline for the submission of bids for Tender T16-038 was Wednesday March 23, 2016. Six (6) bids were submitted and all bids were compliant.

A synopsis of the results is outlined below:

Company Name	Part A Service Area	Part B Service Area
Maple-Crete Incorporated	\$ 18,773,703.00	Withdrawn
Ashland Paving Limited	\$ 19,651,110.00	\$ 19,387,260.00
Gazzola Paving Limited	No Bid	\$ 24,856,800.00
Fermar Paving Limited	\$ 27,583,909.50	\$ 27,790,954.26
Coco Paving Incorporated	\$ 28,066,194.00	\$ 26,987,100.00
Armking Contracting Limited	\$ 71,789,839.38	No Bid

Given the bid results summarized above, it is recommended that Part A be awarded to the lowest compliant bidder, Maple-Crete Incorporated, in the amount of \$18,773,703 plus applicable taxes for a period of six (6) years with an option to extend the contract for two (2) additional two (2) year terms and that Part B be awarded to lowest compliant bidder, Ashland Paving Limited, in the amount of \$19,387,260 plus applicable taxes for a period of six (6) years with an option to extend the contract for two (2) additional two (2) year terms.

Tender T16-038 – Winter Road Maintenance Services is a long-term, performance based winter road maintenance services contract that is reflective of industry lessons learned and best practices, as well as the City of Vaughan's unique needs and represents many evolutions that improve upon the City's current winter road maintenance services.

The key evolutions and highlights of Tender T16-038 are detailed in Attachment No. 1 in the corresponding Item 6, Report No. 18, from the Committee of the Whole, April 5, 2016, and are summarized below:

- Tender T16-038 is a long-term contract, with a six (6) year firm contract term, followed by two (2) separate two (2) year optional renewal contract terms that has resulted in greater cost certainty for winter road maintenance services over a lengthened period of time.
- Tender T16-038 includes a cost structure that ensures greater certainty in stand-by costs and places greater emphasis on the operating costs which results in overall costs that are more reflective of actual costs incurred and the level of severity of each winter season.
- Tender T16-038 is a performance based contract, with a comprehensive performance management component that includes quality control, quality assurance, and liquidated damages, which will increase contract oversight and improve contractor performance.
- Tender T16-038 includes deliverables and timelines associated with annual mobilization prior to each winter season to ensure contractors are prepared to deliver service excellence and keep the public safe during the winter season.
- Tender T16-038 includes a range of other service enhancements (i.e. Customer Service Representatives, equipment age restrictions, new types of equipment, de-coupling of plowing and windrow clearing operations, etc.) that will, similar to the evolutions listed above, result in immediate and tangible improvements related to operational performance and citizen experience of the City's winter road maintenance services.

Relationship to the 2014-2018 Term of Council Service Excellence Strategy Map

The recommendations contained in this report support the following Term of Council Priorities:

- Improve municipal road network
- Continue to ensure the safety and well-being of citizens
- Citizen experience and service delivery
- End-to-end citizen centered services
- Service delivery options
- Financial sustainability

Regional Implications

There are no regional implications associated with this report.

Conclusion

Tender T16-038 – Winter Road Maintenance Services has been developed through a collaborative process, with engagement from the City's provincial and municipal partners and public sector procurement and performance based contracting specialists. This collaborative process has resulted in a contract that is reflective of industry best practices, lesson's learned, as well as the City of Vaughan's unique needs. This tender will improve upon the City's current contract and enhance the overall operational performance and citizen experience with respect to winter road maintenance services.

Attachments


N/A

Report Prepared by:

Adam Payler, Business Analyst, ext. 6120
Jay Todd, Manager of Parks and Roads Operations, ext. 8577

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'Paul Jankowski', written over a vertical line.

 Paul Jankowski
Deputy City Manager of Public Works

A handwritten signature in black ink, appearing to be 'Zoran Postic', written in a cursive style.

 Zoran Postic
Director of Transportation Services, Parks
and Forestry Operations