

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 21, 2015

Item 2, Report No. 8, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on April 21, 2015.

**2 BUDGET AMENDMENT – PW-2055-13 DOUBLE-WALLED BRINE TANKS
 AT THE JOINT OPERATIONS CENTER
 ALL WARDS**

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Commissioner of Public Works and the Director of Transportation Services, Parks and Forestry Operations, dated April 13, 2015:

Recommendation

The Commissioner of Public Works and the Director of Transportation Services, Parks and Forestry Operations, in consultation with the Commissioner of Finance and City Treasurer, recommend:

1. That the budget for capital project PW-2055-13 Double-Walled Brine Tanks at the JOC be increased by \$4,372 including applicable taxes and administration recovery;
2. That the above amount be funded from Transportation Services Operating account 2310161.7331, Salting and Sanding – Contractor; and
3. That the inclusion of this matter on a Public Committee or Council agenda with respect to amending the capital budget identified as Budget Amendment – PW-2055-13 Double-Walled Brine Tanks at the JOC is deemed sufficient notice pursuant to Section 2(1)(c) of By-Law 394-2002.

Contribution to Sustainability

The storage of liquid anti-icing and dust suppressant materials has a direct impact on the City's ability to deliver effective and efficient winter and non-winter road maintenance programs. The pro-active use of anti-icing materials assists in reducing the overall amount of road salt needed per winter storm.

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EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 21, 2015

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Economic Impact

PW-2055-13 Road Maintenance & Equipment Services (Brine Tanks) Request for Additional Capital Funds	
Capital Project	Roads PW-2055-13
Total Capital Budget Approved	139,050.00
Costs:	
Lowest Cost (Invoice 01/12/2015):	
- Road Maintenance & Equipment Services (with Change Notice #1: 01/12/2015)	143,587.84
Contingency Allowance (5%)	-
Sub-Total	143,587.84
Non Refundable Portion of HST (1.76%)	2,527.15
Sub-Total	146,114.99
Administration Recovery (3%)	4,383.45
Total Costs	150,498.44
July 2014 - Capital Budget Shortfall	(11,448.44)
July 9th, 2014 Memorandum - permitted to exceed the approved budget by maximum of \$7,077 (funded from PW-2059-13 RWIS Station \$5,357 & PW-2052-14 Road Patrol Hardware & Software \$1,720)	7,077.01
April 2015 - Capital Budget Shortfall	(4,371.43)
Transfer Funds from Operating 2310161.7331 Salting & Sanding - Contracts	4,371.43
Shortfall Balanced	0

The project has now been completed with actual expenditures of \$150,499 including taxes and fees. The approved Capital Project PW-2055-13 Double Walled Brine Tanks funded \$139,050 of the costs. Out of the total budget deficiency of \$11,449, \$7,077 was known in July 2014 and a Memorandum was submitted to permit the project to exceed the approved budget by a maximum of \$7,077 (see attachment 1). An additional \$4,372 in funding is required to accommodate a Change Order No. 1 dated January 12, 2015 (see attachment 2) in order to close the project. It is suggested that the funding of this shortfall of \$4,372 be funded from Transportation Services Operating account 2310161.7331.

Communications Plan

Not applicable.

Purpose

The purpose of this report is to obtain Council approval to fund capital project PW-2055-13, overspend of \$4,372 resulting from Change Order No. 1, to be funded from the Transportation Services, Parks and Forestry Operations operating account 2310161.7331.

Background - Analysis and Options

To remain in compliance with Federal and Provincial regulations governing aboveground storage tanks, and satisfy the requirements of the City's insurer, Capital project (PW-2055-13) was submitted in 2012 for three, double-walled storage tanks, pumping station and associated hardware

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In July, 2012 the City filed application with a new insurer, OMEX, regarding Environmental Impairment Liability Insurance. At that time, it was documented that our existing storage for liquid anti-icing and dust suppressant materials consisted of three (3), aboveground, single-walled 12,000 litre polyethylene storage tanks located at the JOC.

To support the good housekeeping practices outlined in the City's Salt Management Plan and remain in compliance with Federal and Provincial regulations governing the aboveground storage of liquids considered hazardous to the environment, Capital project (PW-2055-13) was submitted in 2012 for three (3), double walled storage tanks, pumping station and associated hardware. This project received approval in 2013.

Capital project PW-2055-13 was intended to ensure the City satisfied both the insurance requirements and government regulations regarding the storage of liquid salt brine in aboveground tanks. This project helped confirm the City's responsible action with respect to its legal and moral obligation to prevent leakage of liquid salt brine, considered hazardous to the environment.

Tender T14-214 for the supply and installation of three double-walled storage tanks was awarded under Hiatus Memorandum on July 9, 2014; however, additional funds totaling \$7,077 were required to obtain the third storage tank.

Capital project PW-2055-13 involving the supply and installation of double-walled storage tanks, complete with a pumping/distribution system for liquid anti-icing and dust suppressant materials located at the JOC received approval in 2013 and tender T14-214 was issued in June, 2014. Tender T14-214 was subsequently awarded to the sole bidder, RMES, under Hiatus Tender Approval in July, 2014.

Funding was approved in the 2014 Capital Budget for the supply and installation of three dual-walled brine tanks \$139,050; however, an additional \$7,077 (5% of the original budget) was required to complete the full purchase. The request to permit capital project PW-2055-13 to exceed the approved budget by \$7,077 to obtain the third storage tank was approved by the Interim City Manager under Hiatus Memorandum dated July 9, 2014.

Further upgrades to the storage system totalling \$4,372, including applicable taxes and administration recovery, now ensure even greater protection from leaks and potential release of liquid salt brine material into the environment

Further upgrades to the storage system were recommended by the Vendor during the tank manufacturing process and were approved through the Director of Public Works. The recommended upgrades, not considered at the time of developing the specifications, involved improvements in key hardware components related to the distribution system shut off valves and control panel. These upgrades now ensure even greater protection from leaks and potential release of brine materials into the environment due to distribution system failure (i.e. hose leak, malfunctioning shut-off valve, system monitoring).

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 2020 Goals and Objectives:

Goal: Service Excellence
Theme: Demonstrate Excellence in Service Delivery

Goal: Management Excellence
Theme: Manage Corporate Assets

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Regional Implications

There are no regional implications.

Conclusion

As a result of the January 2015, Change Order No. 1, an increase of \$4,372 for capital Project PW-2055-13 is required in addition to the already approved July 9, 2014, Memorandum allowing the expenditure to exceed budget by \$7,077. The total capital budget shortfall, including the amount covered under the July 2014 Memorandum is \$11,448.

Attachment

1. Hiatus Tender Approval Form and Memorandum

Report prepared by:

Jeff Johnston, Manager of Roads Operations, Ext. 6120

Howard Balter, Manager of Financial Planning & Analysis, Ext. 8338

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

**BUDGET AMENDMENT – PW-2055-13 DOUBLE-WALLED BRINE TANKS
AT THE JOINT OPERATIONS CENTER
ALL WARDS**

Recommendation

The Commissioner of Public Works and the Director of Transportation Services, Parks and Forestry Operations, in consultation with the Commissioner of Finance and City Treasurer, recommend:

1. That the budget for capital project PW-2055-13 Double-Walled Brine Tanks at the JOC be increased by \$4,372 including applicable taxes and administration recovery;
2. That the above amount be funded from Transportation Services Operating account 2310161.7331, Salting and Sanding – Contractor; and
3. That the inclusion of this matter on a Public Committee or Council agenda with respect to amending the capital budget identified as Budget Amendment – PW-2055-13 Double-Walled Brine Tanks at the JOC is deemed sufficient notice pursuant to Section 2(1)(c) of By-Law 394-2002.

Contribution to Sustainability

The storage of liquid anti-icing and dust suppressant materials has a direct impact on the City's ability to deliver effective and efficient winter and non-winter road maintenance programs. The pro-active use of anti-icing materials assists in reducing the overall amount of road salt needed per winter storm.

Economic Impact

PW-2055-13 Road Maintenance & Equipment Services (Brine Tanks)	
Request for Additional Capital Funds	
Capital Project	Roads PW-2055-13
Total Capital Budget Approved	139,050.00
Costs:	
Lowest Cost (Invoice 01/12/2015):	
- Road Maintenance & Equipment Services (with Change Notice #1: 01/12/2015)	143,587.84
Contingency Allowance (5%)	-
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July 2014 - Capital Budget Shortfall	(11,448.44)
July 9th, 2014 Memorandum - permitted to exceed the approved budget by maximum of \$7,077 (funded from PW-2059-13 RWIS Station \$5,357 & PW-2052-14 Road Patrol Hardware & Software \$1,720)	7,077.01
April 2015 - Capital Budget Shortfall	(4,371.43)
Transfer Funds from Operating 2310161.7331 Salting & Sanding - Contracts	4,371.43
Shortfall Balanced	0

The project has now been completed with actual expenditures of \$150,499 including taxes and fees. The approved Capital Project PW-2055-13 Double Walled Brine Tanks funded \$139,050 of the costs. Out of the total budget deficiency of \$11,449, \$7,077 was known in July 2014 and a Memorandum was submitted to permit the project to exceed the approved budget by a maximum of \$7,077 (see attachment 1). An additional \$4,372 in funding is required to accommodate a Change Order No. 1 dated January 12, 2015 (see attachment 2) in order to close the project. It is suggested that the funding of this shortfall of \$4,372 be funded from Transportation Services Operating account 2310161.7331.

Communications Plan

Not applicable.

Purpose

The purpose of this report is to obtain Council approval to fund capital project PW-2055-13, overspend of \$4,372 resulting from Change Order No. 1, to be funded from the Transportation Services, Parks and Forestry Operations operating account 2310161.7331.

Background - Analysis and Options

To remain in compliance with Federal and Provincial regulations governing aboveground storage tanks, and satisfy the requirements of the City's insurer, Capital project (PW-2055-13) was submitted in 2012 for three, double-walled storage tanks, pumping station and associated hardware

In July, 2012 the City filed application with a new insurer, OMEX, regarding Environmental Impairment Liability Insurance. At that time, it was documented that our existing storage for liquid anti-icing and dust suppressant materials consisted of three (3), aboveground, single-walled 12,000 litre polyethylene storage tanks located at the JOC.

To support the good housekeeping practices outlined in the City's Salt Management Plan and remain in compliance with Federal and Provincial regulations governing the aboveground storage of liquids considered hazardous to the environment, Capital project (PW-2055-13) was submitted in 2012 for three (3), double walled storage tanks, pumping station and associated hardware. This project received approval in 2013.

Capital project PW-2055-13 was intended to ensure the City satisfied both the insurance requirements and government regulations regarding the storage of liquid salt brine in aboveground tanks. This project helped confirm the City's responsible action with respect to its legal and moral obligation to prevent leakage of liquid salt brine, considered hazardous to the environment.

Tender T14-214 for the supply and installation of three double-walled storage tanks was awarded under Hiatus Memorandum on July 9, 2014; however, additional funds totaling \$7,077 were required to obtain the third storage tank.

Capital project PW-2055-13 involving the supply and installation of double-walled storage tanks, complete with a pumping/distribution system for liquid anti-icing and dust suppressant materials located at the JOC received approval in 2013 and tender T14-214 was issued in June, 2014. Tender T14-214 was subsequently awarded to the sole bidder, RMES, under Hiatus Tender Approval in July, 2014.

Funding was approved in the 2014 Capital Budget for the supply and installation of three dual-walled brine tanks \$139,050; however, an additional \$7,077 (5% of the original budget) was required to complete the full purchase. The request to permit capital project PW-2055-13 to

exceed the approved budget by \$7,077 to obtain the third storage tank was approved by the Interim City Manager under Hiatus Memorandum dated July 9, 2014.

Further upgrades to the storage system totalling \$4,372, including applicable taxes and administration recovery, now ensure even greater protection from leaks and potential release of liquid salt brine material into the environment

Further upgrades to the storage system were recommended by the Vendor during the tank manufacturing process and were approved through the Director of Public Works. The recommended upgrades, not considered at the time of developing the specifications, involved improvements in key hardware components related to the distribution system shut off valves and control panel. These upgrades now ensure even greater protection from leaks and potential release of brine materials into the environment due to distribution system failure (i.e. hose leak, malfunctioning shut-off valve, system monitoring).

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 2020 Goals and Objectives:

Goal: Service Excellence
Theme: Demonstrate Excellence in Service Delivery

Goal: Management Excellence
Theme: Manage Corporate Assets

Regional Implications

There are no regional implications.

Conclusion

As a result of the January 2015, Change Order No. 1, an increase of \$4,372 for capital Project PW-2055-13 is required in addition to the already approved July 9, 2014, Memorandum allowing the expenditure to exceed budget by \$7,077. The total capital budget shortfall, including the amount covered under the July 2014 Memorandum is \$11,448.

Attachment

1. Hiatus Tender Approval Form and Memorandum

Report prepared by:

Jeff Johnston, Manager of Roads Operations, Ext. 6120
Howard Balter, Manager of Financial Planning & Analysis, Ext. 8338

Respectfully submitted,

Paul Jankowski
Commissioner of Public Works

Zoran Postic
Director of Transportation Services,
Parks and Forestry Operations



memorandum

COPY

DATE: July 9, 2014

TO: Barbara Cribbett
Interim City Manager

FROM: Paul Jankowski
Commissioner of Public Works

RE: AWARD OF TENDER AND BUDGET ALLOWANCE REQUEST (As per Policy 05.4.02)
T14-214 Supply of Two (2) Liquid Anti-icing/Dust Suppressant Storage Tanks

Recommendation

The Commissioner of Public Works, in consultation with the Commissioner of Finance & City Treasurer, recommends:

- 1) That Tender T14-214 for the Supply and Installation of Two (2) Liquid Anti-icing/Dust Suppressant Storage Tanks be awarded to the lowest bidder, Road Maintenance Equipment Services Inc. in the amount of \$99,990.00;
- 2) That provisional item 1 for the supply and Installation of One (1) Additional Storage Tank equivalent to the Two (2) primary storage tanks be included in the contract to Road Maintenance Equipment Services Inc. in the amount of \$39,427.14;
- 3) That the above amounts plus any applicable taxes and administration recovery be funded from capital project PW-2055-13 Double-Walled Brine Tanks; and
- 4) That capital project PW-2055-13 be permitted to exceed the approved budget by a maximum of \$7,077 as per Section 8A of Policy 05.4.02 Capital Project Financial Administration and Reporting Policy.

Contribution to Sustainability

The storage of liquid anti-icing and dust suppressant materials has a direct impact on the City's ability to deliver effective and efficient winter and non-winter road maintenance programs. The pro-active use of anti-icing materials assists in reducing the overall amount of road salt needed per winter storm.

Economic Impact

The total tender cost for the Supply and Installation of Two (2) Liquid Anti-icing/Dust Suppressant Storage Tanks and provisional item One (1) Additional Storage Tank equivalent to the Two (2) primary storage tanks is \$146,127.01. The approved Capital Project PW-2055-13 Double Walled Brine Tanks can fund \$139,050 of the costs, therefore in order to cover the additional cost of the third storage tank, and associated equipment as described in the Provisional Items of the tender, and the underlying exchange rate increases as described in this memo, a budget allowance of \$7,077, as permitted by Section 8A of Policy 05.4.02 Capital Project Financial Administration and Reporting Policy is requested. Capital project PW-2055-13 will not have a budget amendment; the additional budget allowance of \$7,077 will be funded from the closing of capital projects in Q2-14 (\$5,357) and the transfer of \$1,720 from capital project PW-2052-14 Road Patrol Hardware & Software. Purchases associated with PW-2052-14 Road Patrol Hardware & Software

are close to completion, and the transfer of \$1,720 from this project will not affect the ability of fund the remaining purchases for this project.

It is anticipated the annual operating cost for servicing and maintaining the liquid storage system will be approximately \$2,000.00. These costs will be fully offset against the savings realized from the expiration of the existing rental contract with Den Mar Brines Limited. This will be shown as an operating budget reallocation during the 2015 Budget.

T14-214 Supply of Two (2) Liquid Anti-icing/Dust Suppressant Storage Tanks	
Financial Summary - PW-2055-13	
Approved Capital Budget	139,050.00
Tender Costs (T14-214)	99,990.00
Provisional Item 1	39,427.14
Sub-Total	139,417.14
*Non Refundable Portion of HST (1.76%)	2,453.74
Sub-Total	141,870.88
Administration Recovery (3%)	4,256.13
Total Tender Costs	146,127.01
Balance Remaining / (Additional Funds Required)	(7,077.01)

Communications Plan

Not applicable.

Purpose

The purpose of this report is to seek approval to award Tender T14-214 for the Supply and Installation of multiple storage tanks and distribution system for liquid anti-icing and dust suppressant materials at the City's Joint Operations Centre and to request that capital project PW-2055-13 Double Walled Brine Tanks be permitted to exceed the approved budget by a maximum of \$7,077, as per Section 8A of Policy 05.4.02 Capital Project Financial Administration and Reporting Policy

Background - Analysis and Options

This project involves the supply and installation of double-walled storage tanks, complete with a pumping/distribution system, for liquid anti-icing and dust suppressant materials. The City currently is renting single-walled storage tanks and distribution system from Den Mar Brines Limited, under a rental agreement that expires on October 31, 2014.

In July, 2012 the City filed application with a new insurer, OMEX, regarding Environmental Impairment Liability Insurance. At that time, it was documented that our existing storage for liquid anti-icing and dust suppressant materials consisted of three (3), aboveground, single-walled 12,000 litre polyethylene storage tanks located at the JOC.

To support the good housekeeping practices outlined in the City's Salt Management Plan and remain in compliance with Federal and Provincial regulations governing the aboveground storage of liquids considered hazardous to the environment, a capital project (PW-2055-13) was submitted in 2012 for three, double walled storage tanks, pumping station and associated hardware. This project received approval in 2013 and the subsequent sole bid from the current vendor, Road Maintenance Equipment Services Inc. (RMES), was cancelled due to insufficient funding. The tender was revised and reissued in June, 2014, with the resulting low bidder again being RMES.

Being double-walled, the new storage tanks will provide greater protection, thereby reducing the potential for spills to the natural environment.

As the system will be City-owned, it will allow more flexibility to expand the storage system in the future, and experiment with different anti-icing and dust suppressant products.

Road Maintenance Equipment Services Inc. was the sole bidder on this tender

Tender T14-214 was advertised on Vaughan Today (City Page), the Electronic Tendering Network, and with the Ontario Public Buyers' Association on June 3, 2014. The tender closed on June 17, 2014. A total of one document was picked up from the Purchasing Department, with a total of one bid submitted. The following are the results of the tender opening:

Contractor	Base Price (excl. HST)	Provisional Price (excl. HST) Item 1	Base Price (excl. HST) + Provisional Price (excl. HST) Item 1
Road Maintenance Equipment Services Inc.	\$99,990.00	\$39,427.14	\$139,417.14

The bid submitted by Road Maintenance Equipment Services Inc. for the supply of two Liquid Anti-icing/Dust Suppressant Storage Tanks was for \$99,990.00 excluding all applicable taxes.

The provisional item, for the supply of one additional storage tank of equivalent size to the primary storage tanks, was \$39,427.14 excluding all applicable taxes.

The lump sum bids are irrevocable and open for acceptance by the City for a period of 60 days from the date of tender closing.

Road Maintenance Equipment Services Inc. has installed similar liquid storage systems for other municipalities and jurisdictions throughout Ontario, including: the City of Barrie, the City of Ottawa, the Municipality of Clarington, and the Ministry of Transportation.

Staff checked references supplied by the Vendor and confirmed satisfaction with both the product supplied and work performance.

In reviewing the Ontario Municipal Directory of Products and Services endorsed by the Association of Ontario Road Supervisors, RMES is the primary Canadian company that provides a total solution for storage tank containment systems and pumping of liquid materials. RMES, however, is not a manufacturer of heavy duty, double-walled polyethylene storage tanks. These specialty tanks are manufactured in the United States and shipped to RMES for final installation.

Funding was approved in the 2014 Capital Budget for the supply and installation of three dual-walled brine tanks. However, an additional \$7,077 (5% of the original budget) is required to complete the full purchase. Due to the recent unfavourable U.S. exchange rate fluctuation, the actual tender price received was slightly higher compared to the original budget estimate. The request to permit capital project PW-2055-13 to exceed the approved budget by \$7,077 is in accordance with Section 8A of Policy 05.4.02 Capital Project Financial Administration and

Reporting Policy. This section of the policy permits requests for budget allowances in the interest of maximizing operational efficiency. This budget status will be reported on future quarterly variance reports in accordance with this same policy.

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 2020 Goals and Objectives:

Goal: Service Excellence
Theme: Demonstrate Excellence in Service Delivery

Goal: Management Excellence
Theme: Manage Corporate Assets

Regional Implications

There are no regional implications.

Conclusion

The sole compliant bidder, Road Maintenance Equipment Services Inc. is deemed to meet the requirements of the tender. Staff recommends that this tender be awarded to Road Maintenance Equipment Services Inc., for \$139,417.14 (excluding all applicable taxes), including the Provisional Item for the Supply and Installation of one additional storage tank and that the total award be permitted to exceed the approved budget by a maximum of \$7,077, as per Section 8A of Policy 05.4.02 Capital Project Financial Administration and Reporting Policy.

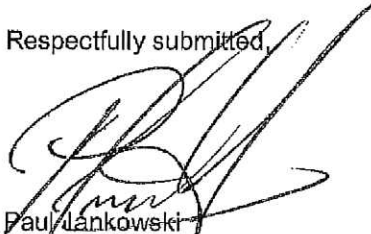
Attachments

Tender Approval Form.

Report prepared by:

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

Respectfully submitted,



Paul Lankowski
Commissioner of Public Works

Copy: Dhiraj Chaudhary, Manager, Purchasing Services
Howard Balter, Manager of Financial Planning & Analysis

SUMMER HIATUS/TENDER APPROVAL
(By-law 332- 98)

BID NO.: T14-214

PROJECT NO.: PW-2055-13 ☐ ISF Project

DESCRIPTION: To supply and install two Liquid Anti-Icing/Dust Suppressant Storage Tanks, and to supply and install one additional Storage Tank as per provisional item one.

CLOSING DATE: Tuesday, June 17 2014

CONTRACTOR/SUPPLIER: Road Maintenance Equipment Services Inc.

BID PRICE: \$99,990.00 / Provisional Item Bid Price: \$39,427.14

CONTINGENCY: _____

OTHER: _____

Can approval wait for the next available Council/Committee Meeting?

☐ Yes

☒ No

Comment: _____

Is the bid amount within the approved Project Budget? Year 2014

☐ Yes

☒ No

Comment: A difference in exchange rate has resulted in a slightly higher budget. However, there are funds available from other Roads Capital, which will be transferred without compromising the other projects.

Were purchasing/tender procedures followed?

☒ Yes

☐ No

Comment: _____



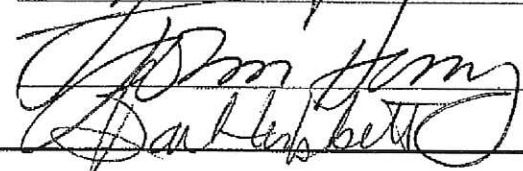
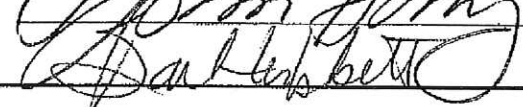
Are you satisfied that there are no outstanding issues or irregularities regarding this award?

☒ Yes

☐ No

Comment: _____

RECOMMENDED FOR APPROVAL:

Director		Date	<u>10/7/14</u>
Commissioner		Date	<u>10/7/14</u>
City Manager		Date	<u>8/7/14</u>
			<u>July 31/14</u>

PURCHASING SERVICES APPROVED FOR ACTION