

Report to Civic Works Committee

To: Chair and Members
Civic Works Committee

From: Kelly Scherr, P.Eng, MBA, FEC
Deputy City Manager, Environment & Infrastructure

Subject: Supply and Install 2022 to 2028 Infill Trees
RFT20-80 – Irregular Result

Date: May 11, 2021

Recommendation

That on the recommendation of the Deputy City Manager, Environment & Infrastructure the following actions **BE TAKEN** with respect to the Supply and Install of 2022 to 2028 Infill Trees:

- a) the irregular bid submitted by Kamarah Tree Farms at its tendered price of \$3,233,920.00 (excluding HST) **BE ACCEPTED** in accordance with the 'Procurement of Goods and Services Policy' Section 8.10 Irregular Result, Clauses a) and b), Section 13.2 Clause b), and Section 19.3 Clause b) i) and ii);
- b) the approval hereby **BE CONDITIONAL** upon the Corporation negotiating prices, terms and conditions with Kamarah Tree Farms to the satisfaction of the Manager of Purchasing and Supply and the Managing Director, Environmental and Engineering Services and City Engineer;
- c) the approval given herein **BE CONDITIONAL** upon the Corporation entering into a formal contract for the material to be supplied and the work to be done relating to this program (RFT20-80), and subject to future budget approval;
- d) the Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, as required, to give effect to these recommendations; and,
- e) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this contract.

Linkage to the Corporate Strategic Plan

This report supports the Strategic Plan in the following areas:

- Building a Sustainable City:
 - Infrastructure is built, maintained and operated to meet the long-term needs of our community; and
 - Growth and development is well planned and sustainable over the long term
- Leading in Public Service:
 - Exceptional and valued customer service; and
 - Leader in public service as an employer and a steward of public funds.

Analysis

1.0 Discussion and Considerations

1.1 Purpose

The purpose of this report is to seek Council approval to establish a five year (2022 to 2026) with two additional optional years (2027 and 2028) contract with Kamarah Tree Farms to provide supply and installation of trees for the City of London.

Tree planting is an annual program that is performed on an ongoing basis as London has embarked upon completion of the Urban Forest Strategy, Tree Planting Strategy,

Emerald Ash Borer Strategy and Climate Change Initiatives to increase canopy cover to 34% by the year 2065.

The planting that will be undertaken through this contract includes the planting of infill boulevard trees, open space trees, tree replacement for capital contracts and boulevard trees in newly assumed subdivisions on behalf of developers. The development industry funds the planting in new subdivisions through a cost recovery arrangement.

This long term planting contract was a recommendation within the Urban Forestry Strategy. The new contract allows for soil augmentation at all locations which provides a better medium to support the growth of young trees and reduce mortality rates. The contract also provides enhanced watering prescription and tree stock inspection prior to purchase. These measures are specifically designed to create better survivability within the often harsh planting environment in the road right-of-way. The improved quality of planting will provide more resilient trees with a better life-cycle contribution to the Urban Forestry Strategy canopy goals.

The tree replacement supply across the province is under pressure. This contract will supply the city with a multi-year supply of trees to meet strategy requirements and avoid a shortage of tree supply to meet strategy goals.

2.0 Financial Impact/Considerations

2.1 Purchasing Process

A public Request for Tender (RFT) was issued July 3, 2020 for the supply and install of infill trees. Only one bidder submitted documents. Civic Administration has reviewed the tender bid and recommends that Kamarah Tree Farms be awarded the contract. Due to receipt of only one competitive bid, this result is being reported as an Irregular Result per the Procurement of Goods and Services Policy Section 8.10, Clauses a and b; and Section 13.2 Clause b.

8.10 Irregular Result

- a. The value of the lowest compliant bid is in excess of the City Council approved budget including any contingency allowance;
- b. The specifications of a competitive bid cannot be met by two (2) or more suppliers;

13.2 Awards under the RFT process require the following approval:

- b. Committee and City Council must approve award of contracts when a tender result is irregular as per Section 8.10 of this Policy; and

The bid received from Kamarah Tree Farms exceeds the available Council approved budget for this tree planting RFT. In accordance with Section 19.3 Clause b) i) and b) ii) of the Procurement of Goods and Services Policy, Civic Administration will waive the need for revised competitive bids and enter negotiations with the respondent for the purchase and installation of trees that aligns with the City's future budget availability for this contract which is subject to future Council budget approvals.

19.3 No Acceptable or Equal Bids

- b. The Managing Director and the Manager of Purchasing and Supply jointly may waive the need for a revised competitive bid and enter into negotiations with the lowest responsive bidder, emanating from a competitive bid, under the following circumstances:
 - i. the total cost of the lowest responsive bid is in excess of the funds appropriated by City Council for the project; and
 - ii. the Managing Director and the Manager of Purchasing and Supply agree that the changes required to achieve an acceptable bid will not change the general nature of the requirement described in the competitive bid.

Based on quantities estimated to be required annually over the next five to seven years, Kamarah Tree Farms' annual tender value for the supply and install of infill trees is \$3,233,920 (excluding HST). This result exceeds the funds available for this tree planting program which is estimated at \$2,086,000 annually. The estimate of funds available includes Council approved budgets and developer contributions as described in more detail in the following section. This variance can be managed under Section 19.3 of the Procurement of Goods and Services Policy by negotiating to adjust the number of trees that are purchased annually to align with the City's available budget and developer contributions. The actual amount of infill trees purchased and installed in any given year will be driven by the available approved budgets and the cost of trees in that year. Part of the cost increase is related to the improved planting and after-care procedures to ensure better survivability. While the quantity of tree planting is expected to be slightly reduced, the automatic inclusion of inspection, soil augmentation and watering is a cost effective approach that will result in better survivability for a improved program life-cycle investment.

2.2 Financial Impact

This contract seeks to commit funding from a variety of future sources across multiple years. As such this circumstance is not suitable for a standard Source of Financing which typically commits current and life-to-date capital funding. The funding for this contract will be available, subject to future Council budget approvals, via the sources of financing illustrated in the tables below:

Capital Project	Annual Forecasted Budget (\$)	Maximum Annual Commitment (\$)
UF1235 – Street Tree Planting	411,000	411,000
UF2044 – Management of Emerald Ash Borer	400,000	400,000
TS3014 – Road Network Improvements (local & rural)	11,128,000 ¹	100,000
UF2047 – Urban Forest Strategy	1,600,000	500,000
UF1129 – Downtown Street Tree Planting	225,000	125,000
Total Annual Commitment	n/a	1,536,000

- 1) Represents the average annual budget, 2022 to 2028, for local & rural road network improvements. Tree plantings in the right-of-way are included when certain roads are reconconstructed and the amount is variable depending on the projects. Other capital project sources may also identify planting needs.

In addition to the committed capital funding, other sources of financing are also included in the City's budget for this project are as follows:

Operating / Other	Maximum Annual Commitment (\$)
Forestry Operations Operating Budget	100,000
Other - Developer Contributions ¹	450,000
Total Annual Commitment	550,000

- 1) Note – the annual funding available via developer contributions is dependent upon new subdivision assumptions each year. Planting in new subdivisions is funded through a cost recovery arrangement with developers. Actual available funds may be more, or less, than the forecasted amount presented.

The following table summarizes the expenditures that could result over seven years (from 2022 to 2028) if the future budgets are approved as expected over the course of this contract and the maximum number of infill trees are purchased each year:

Description	Value (\$)
Total Annual Commitment	2,086,000
Total Commitment, Years 1 to 5	10,430,000
Optional Commitment, Years 6 and 7	4,172,000
Total Potential Contract Commitment (Over 7 Years)	14,602,000

Future operating costs for tree maintenance that result from planting these infill trees will form part of future assessment growth requests. Purchasing and Financial Planning and Policy have been consulted throughout this process and contributed to this report.

Conclusion

Tree planting is an important service provided to meet the goals of the Urban Forest Strategy and other urban forest objectives. Securing the City's tree supply through a multi-year contract was a recommendation of the Strategy. This contract will help the City of London achieve these objectives.

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cc: John Freeman, Manager of Purchasing and Supply
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