

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: RFT 21-03 Rental of Winter Maintenance Equipment with Operator, Sander and Salters with Plow and Wing

Date: July 27, 2021

Recommendation

That, on the recommendation of the Deputy City Manager, Environment & Infrastructure the following actions **BE TAKEN** with respect to the tender RFT 21-03, Rental of Winter Maintenance Equipment with Operator, Sander and Salter with Plow and Wing:

- a) The bids submitted by Mobil Services Inc., S&B Construction Ltd., B and A Davies Paving and Construction Inc., Ferrari Concrete Ltd. and CH Excavating (2013) at their tendered prices **BE ACCEPTED**;
- b) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this contract; and,
- c) Approval given **BE CONDITIONAL** upon the Corporation entering into a formal contract, or having a purchase order, or contract record relating to the subject matter of this approval.

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,
- Leading in Public Service:
 - Exceptional and valued customer service; and,
 - Leader in public service as an employer and a steward of public funds.

Background

The City of London's Road Operations group provides winter maintenance services as prescribed by O.Reg. 239/02: Minimum Maintenance Standards for Municipal Highways. Salt and Sand are used to provide safe roads and the material is applied using a fleet of rental spreader trucks to supplement the city owned fleet. With this service being seasonal, rental units with operators is required.

Discussion

Purpose

The purpose of this tender was to seek competitive pricing for the Rental of Winter Maintenance Equipment with Operator, Sander and Salter with Plow and Wing. The term is tender is for seven (7) years with fixed hourly operating rates. This contract will replace the previous five-year contract that expired in Spring 2021.

Purchasing Process

Tender 21-03 was posted on April 1, 2021 and closed on June 30, 2021. The tender included a minimum of four units per bidder for improved program management. The tender response exceeded the equipment needs required to deliver service. Six (6) bids

were received for a total of twenty-five (25) units with operators. Twenty-one (21) units were selected from five (5) bidders based on the service needs. An additional unit was added to the roster to accommodate growth. The pricing within the tenders indicates a competitive market. It is anticipated that the recommended bidders will meet all terms and conditions of this tender.

Financial Impact

The tender bids received reflect a significant increase in the hourly rates from the previous tender in 2016. The contract arrangement has traditionally set consistent rates for several years. Given the current contract has been in place for five years, multi-year cost escalation was expected. An additional component of the increase is related to insurance and resources required to provide this service. Specific feedback from bidders advised that the cost to obtain and retain insurance for this activity is a pressure.

The anticipated expenditure through this contract is estimated to be \$4,000,000 annually and is subject to annual variance based on winter conditions. Funding for the current year has been included in the 2021 operating budget and future budget forecasts.

The impact of renewing multi-year winter maintenance service contracts has been identified as a budget pressure. The total winter operating budget is \$16,613,000. In preparing for this impact, other cost pressures and service enhancements, the current base budget represents a \$2 M increase over the previous multi-year budget.

Conclusion

Winter road operations in accordance with O.Reg. 239/02: Minimum Maintenance Standards for Municipal Highways is an important service for mobility, road safety and risk management. The City manages this service with a combination of in-house and contracted service that provides service flexibility and resource allocation.

Civic Administration has reviewed the results of the tender bids and recommends tender acceptance based on competitive pricing and value to the City.

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Division Manager, Road Operations

Submitted By: **Doug MacRae, P.Eng., MPA**
Director, Transportation & Mobility

Recommended By: **Kelly Scherr, P.Eng., MBA, FEC,**
Deputy City Manager, Environment & Infrastructure

c: John Freeman, Manager of Purchasing and Supply
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S&B Construction Ltd., 36312 Talbot Line, Shedden, ON, N0L 2E0
B and A Davies Paving and Construction Inc. 5279 Colonel Talbot Rd., London, ON, N6P 1H8
Ferrari Concrete Ltd., 5606 Westdel Bourne, London, ON, N6P 1P3
CH Excavating (2013), 4201 Blakie Rd., London, ON, N6L 1B9