



Report to: Development Services Committee

Meeting Date: July 11, 2022

SUBJECT: Tender 011-T-22 Winter Road Maintenance Services for
Part A – Single and Tandem Axle and Windrow Units and
Part B – Loaders Commencing November 2024

PREPARED BY: Steven Dollmaier, Sr. Mgr. Roads & Survey, Ext 2748
Melita Lee, Senior Buyer, Ext 2239

RECOMMENDATION:

1. That the report entitled “Tender 011-T-22 Winter Road Maintenance Services for Part A – Single and Tandem Axle and Windrow Units, Part B – Loaders Commencing November 2024” be received; and,
2. That the contract for Winter Road Maintenance Services for Part A – Single and Tandem Axle and Windrow Units (Option 1) be awarded to the lowest priced bidder, D. Crupi & Sons Limited for twelve (12) winter seasons (November 16, 2024 – April 15, 2036) in the estimated annual amount of \$4,819,862.40 (inclusive of HST); and
3. That the contract for Winter Road Maintenance Services for Part B – Loaders be awarded to the lowest priced bidder, Melrose Paving Co. Ltd. for twelve (12) winter seasons (November 16, 2024 – March 31, 2036) in the estimated annual amount of \$2,577,917.02 (inclusive of HST); and
4. That the 2025-2036 operating budgets and (starting in the 2nd winter season) the purchase orders be adjusted for growth and a price adjustment based on the Consumer Price Index (CPI) for All Items Ontario for the twelve (12) month period ending March 31 in the applicable year up to a maximum of 4%. CPI shall be applied to 100% on the operating rate and 50% on the standby rate; and,
5. That the funds be provided from the various operating budget accounts outlined in the Financial Considerations section in the estimated annual amount of \$7,397,779.42 for the 1st winter season award amounts subject to budget approvals; and
6. That the estimated budget shortfall of \$1,612,314 be phased in over a 3-year period commencing in 2023 and be included as part of the 2023-2025 operating budgets, subject to Council approval of the 2023-2025 operating budgets ; and further,
7. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to obtain Council approval to award the contracts for the winter road maintenance services, Part A – 44 Single Axle and 2 Tandem Axle and 30 Windrow Units (Option 1) and Part B – 44 Loaders for twelve (12) winter seasons commencing November 16, 2024.

BACKGROUND:

Tender 011-T-22 was issued on April 1, 2022 and was divided into two parts:

- Part A for winter road services utilizing single and tandem axle and windrow units; and
- Part B for winter road services utilizing loaders.

The tender allowed bidders the ability to bid on Part A only, Part B only, or on both Parts A and B. It was the intent of the City to award one (1) or up to two (2) contracts to the lowest Bidder(s) for each part meeting the requirements of the tender.

The contracts are for twelve (12) winter seasons (November 2024 – April 2036) and will commence on November 16, 2024.

Service Delivery Model Changes

For Part A, the City's current contracts include 72 units (26 tandem axles and 46 graders/tractors) provided under six (6) separate contracts and expires on March 31, 2024. The new contract changes the unit type and reduces the number of the units from 72 to 46 (44 single axle and 2 tandem axle combination units). The 46 units will continue to meet current Council approved service levels and the units are subject to increase based on projected new road growth to meet service levels and legislated requirements.

Under this report, the recommendation for Part A is to maintain the current service levels, however the change in unit types will have the following benefits:

- Single axle combination units provide:
 - Faster operating speeds compared to graders/tractors;
 - Operational consistency
 - Salt and plow simultaneously on all routes whereas currently graders/tractors can only plow local roads (plow route first followed by salting or plow salt as single operation);
- Eliminates the need to manage multiple contractors and associated administrative process from six (6) to one (1) contractor; and
- Strategy aligns with industry best practice and with most municipalities within the GTA.

For Part A, the current service levels include the deployment of single & tandem axle combination trucks to clear full network when snowfall at or exceed 7.5 cm plus senior windrow clearing within 8 hours. Weather patterns experienced during the past few years have required the City to deploy contractors for additional days in April following the end of the winter season, which is currently March 31. This new strategy includes an additional 15 calendar days (Apr 1 – 15) for the winter term to commence on November 16 and end on April 15 of the following year recognizing the previous weather trends.

For Part B, the City's current contracts include 44 loaders provided under three (3) separate contracts. There is no proposed change to the delivery of the current service levels, however the number of contractors is being reduced from three (3) to one (1).

Age of Vehicles

For Part A (single & tandem axle) – Equipment shall be “new” and must be in service no later than two (2) winter seasons (November 2026) following the start date of the contract (November 16, 2024). If required, up until the time of delivery of the new vehicles, no equipment shall exceed the maximum age of twelve (12) years. All supplied units shall not exceed twelve (12) years of age at any time during the contract term.

For Part B (loaders) – Equipment shall not exceed fifteen (15) years of age at any time during the contract term.

Request for Tender Process

A virtual voluntary information meeting was held on April 13, 2022 to discuss the requirements of the tender.

The tender documents include mandatory requirements to ensure Bidders had the necessary qualifications and experience to provide winter road maintenance services. In order to be considered for award, Bidders had to meet the following qualification and submission requirements:

- Bidder Experience – Bidders must have had previous winter road maintenance services experience with past projects of similar size and scope within the last five (5) year period;
- Equipment List – For Part A - Bidders had to provide details of the business plan for the City's approval and a letter of undertaking from their financial institution. For Part B - Bidders must provide a description of their equipment to be used for the contract; and
- Commercial Vehicle Operator Registration (CVOR) – Bidders must submit a five (5) year maximum Level II (2) CVOR Abstract from Ontario's Ministry of Transportation.

Two (2) bidders were declared non-compliant as they did not submit the mandatory submission requirements as requested in the tender.

Tender - 011-T-22 Part A - Single and Tandem Axle and Windrow Units

Bid closed on	May 13, 2022
Number picking up bid document	18
Number responding to bid	8

Part A - Price Summary

Bidder	Bid Price (Inclusive of HST)
D. Crupi & Sons Limited (Part A)	\$4,819,862.40

Tender - 011-T-22 Part B – Loaders

Bid closed on	May 13, 2022
Number picking up bid document	18
Number responding to bid	5

Part B - Price Summary

Bidder	Bid Price (Inclusive of HST)
Melrose Paving Co. Ltd. (Part B)	\$2,577,917.02

OPTIONS/ DISCUSSION:

The pricing obtained for Part A and Part B is based on maintaining the current service level delivery and assumes no growth in roads from now until the contract start date. There is a change in the methodology of delivering the service as noted above.

Any increase in growth between now and the contract start date will be included as part of the 2023 and 2024 operating budget process, subject to Council approval of the 2023 and 2024 operating budgets.

The current service levels provided by the City includes deploying single and tandem axle combination trucks to plow or salt primary and secondary roads network when snow begins, with local plows (graders/tractors) when snow has reached or exceeded 7.5 cm. Senior windrow removal is to be completed within 8 hours of the front street being plowed. Existing winter contract terms start on November 16 and end on March 31 of the following year.

Part A: Winter Road Services Utilizing Single and Tandem Axle and Windrow Units

The tender requested pricing for various optional items. These items included requesting pricing for the following:

- Same level of service, change in methodology and 15 additional contract days to April 15 defined as “Base Case”;
- Senior Windrow Removal to be completed in a 4 hour window;
- City Wide Windrow Removal to be completed in an 4 hour window; and
- Changing Service Levels from 7.5cm to 5 cm.

Based on these items, the various options for award are listed below.

Option 1 – Base Case (RECOMMENDED). This option includes maintaining service levels plowing at 7.5 cm utilizing a change in methodology and senior windrow removal within an 8 hour window. The winter contract term will include an additional 15 days and be from November 16 to April 15 of the following year.

Option 2 – Base Case minus 15 additional contract days. This option includes maintaining service levels plowing at 7.5 cm and senior windrow removal within an 8 hour window. The winter contract term will be from November 16 to March 31 of the following year.

Option 3 – Base Case with senior windrow removal within 4 hours. This option includes maintaining service levels plowing at 7.5 cm and senior windrow removal within a 4 hour window (instead of the current 8 hour window).

Option 4 – Base Case with city wide windrow removal within 4 hours. This option includes maintaining service levels plowing at 7.5 cm and city wide windrow removal.

Option 5 – Base Case with plowing at 5 cm. This option includes increasing service levels plowing from 7.5 cm to 5 cm and senior windrow removal within the current 8 hour window.

Option 6 – Base Case with plowing at 5 cm and senior windrow removal within 4 hours. This option includes increasing service levels plowing from 7.5 cm to 5 cm and senior windrow removal within a 4 hour window (instead of the current 8 hour window).

Option 7 – Base Case with plowing at 5 cm and city wide windrow removal within 4 hours. This option includes increasing service levels plowing from 7.5 cm to 5 cm and city wide windrow removal.

The costs and incremental funding requirement for each option has been identified in the table below.

Option	Total Cost (A)	Base Case (B)	Incremental Impact (C = A – B)
#1 – Base Case (RECOMMENDED)	\$ 4,819,862	\$ 4,819,862	\$ -
#2 – Base Case minus 15 additional contract days	\$ 4,673,328	\$ 4,819,862	\$ (146,534)
#3 – Base Case with senior windrow removal within 4 hours	\$ 7,972,489	\$ 4,819,862	\$ 3,152,627
#4 – Base Case with city wide windrow removal within 4 hours	\$ 7,786,977*	\$ 4,819,862	\$ 2,967,115*
#5 – Base Case with plowing at 5 cm	\$ 5,456,921	\$ 4,819,862	\$ 637,058
#6 – Base Case with plowing at 5 cm and senior windrow removal within 4 hours	\$ 8,609,547	\$ 4,819,862	\$ 3,789,685
#7 – Base Case with plowing at 5 cm and city wide windrow removal within 4 hours	\$ 7,794,036*	\$ 4,819,862	\$ 2,974,174*

*City wide windrow removal costs include an additional estimated \$2.5M for loading and hauling snow. This figure is from a June 4th, 2019 report to Special General Committee and would require an up to date price based on today's market conditions.

Bids received in response to this Request for Tender exceeded the City's budget. Consequently, Staff entered into negotiations with the low bidder (D. Crupi & Sons

Limited) however, they were unable to reduce their pricing. Staff recommend proceeding with option 1.

Part B: Loader Units

Currently, there are 44 loaders provided under three (3) separate contracts. There is no proposed change to the delivery of the current service levels, however it is the intent of the City to award a single contract to one vendor (from the current three vendors) in the estimated annual amount of \$2,577,917.

Bids received in response to this Request for Tender exceeded the City's budget. Consequently, Staff entered into negotiations with the low bidder (Melrose Paving Co. Ltd.) however, they were unable to reduce their pricing.

FINANCIAL CONSIDERATIONS**Recommended Option 1****Part A – Single and Tandem Axle Combination Units & Senior Windrow Clearing (within 8 hours)**

Based on the price received from the lowest bidder (D. Crupi & Sons Limited), additional funding of \$577,888 (\$4,819,862 - \$4,241,974) will be required prior to the start of the contract for the 2024/2025 winter season. See Table 1 below.

Part B - Loaders

Based on the price received from the lowest bidder (Melrose Paving Co. Ltd.), additional funding of \$1,034,426 (\$2,577,917 - \$1,543,491) will be required. See Table 1 below.

The total amount of additional funding required will be \$1,612,314 (Part A - \$577,888 + Part B - \$1,034,426).

This includes current contract annual CPI increases, which will be accounted for in 2023 and 2024 (prior to the initiation of the new contract) as part of the annual operating budget process in the amount of \$352,335 as well as incremental funding required relating to the 15 additional standby days and the market impact of \$1,259,980 (\$352,335 + \$1,259,980 = \$1,612,314).

Staff recommend that the funding shortfall of \$1,612,314 be phased in over 3 years commencing in 2023, and be included as part of the 2023-2025 operating budget process, subject to Council approval of the 2023-2025 operating budgets. The phase-in amounts will be (see Table 2):

- 2023 - \$593,557
- 2024 - \$598,764
- 2025 - \$419,993

Table 1 - Additional Funding Requirement*

		Part A	Part B	Total
Current Budget Available	A	\$ 4,241,974	\$ 1,543,491	\$ 5,785,465
Recommended Bid	B	\$ 4,819,862	\$ 2,577,917	\$ 7,397,779
Difference (Funding shortfall)	C=A-B	\$ (577,888)	\$ (1,034,426)	\$ (1,612,314)
Difference attributable to:				
2023 CPI (3%)	D	\$ 127,259	\$ 46,305	\$ 173,564
2024 CPI (3%)	E	\$ 131,077	\$ 47,694	\$ 178,771
Sub-total Organic Growth	F=D+E	\$ 258,336	\$ 93,999	\$ 352,335
15 additional Days of standby (Apr 1-15)	G	\$ 146,534	\$ -	\$ 146,534
Market impact	H	\$ 173,017	\$ 940,428	\$ 1,113,445
Sub-total additional standby & market	I=G+H	\$ 319,552	\$ 940,428	\$ 1,259,980
Total	J=F+I	\$ 577,888	\$ 1,034,426	\$ 1,612,314
Annual phase-in budget amount (assume over 3 years)	K=I/3	\$ 106,517	\$ 313,476	\$ 419,993

Table 2 - Operating Budget impacts by Year including Proposed Annual Phase-in*

		Part A	Part B	Total
Total 2023 Budget impact	L=D+K	\$ 233,776	\$ 359,781	\$ 593,557
Total 2024 Budget impact	M=E+K	\$ 237,594	\$ 361,170	\$ 598,764
Total 2025 Budget impact	N=K	\$ 106,517	\$ 313,476	\$ 419,993
Total 2023-2025 Budget impact	O=L+M+N	\$ 577,888	\$ 1,034,426	\$ 1,612,314

*Pricing is subject to change based on the determination of additional units required from the estimated annual projected new kilometres of roads (provided by Engineering) and in accordance with current Council approved service levels.

OPERATING AND LIFE CYCLE BUDGET IMPACT

There is no incremental impact to the Life Cycle Reserve Study. The winter maintenance budget will be increased by CPI, to a maximum amount of 4% each year, for these 2 contracts, subject to Council approval of the future years' operating budgets.

HUMAN RESOURCES CONSIDERATIONS

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Winter Maintenance to the City's public roadway is a core public service in supporting the City's strategic priority to provide for a safe, sustainable and complete community.

This contract award will position the City for long term to meet the current Council Approved service levels while meet and in many areas exceed the provincial legislation.

The new model will enable the City to provide a consistent level of service to the residents and ensure continuity of our winter services that the City provides to the residents.

BUSINESS UNITS CONSULTED AND AFFECTED:

Financial Services Department has been consulted in the preparation of this report.

RECOMMENDED BY:

Alice Lam
Director, Operations

Morgan Jones
Commissioner, Community Services

ATTACHMENTS:

Not applicable