



Report to: General Committee

Meeting Date: May 9, 2023

SUBJECT:	032-T-08 Sidewalk Winter Maintenance Contract Extension
PREPARED BY:	Alice Lam, Director, Operations Ext 4857 Melita Lee, Senior Buyer, Ext. 2239

RECOMMENDATION:

1. That the report entitled “032-T-08 Sidewalk Winter Maintenance Contract Extension” be received; and,
2. That the following sidewalk winter maintenance contracts be extended for an additional three (3) winter seasons (December 1, 2023 – March 31, 2026) to De Ferrari Construction Ltd (\$1,755,106.00) and VTA Construction Limited (\$1,684,901.00) in the estimated annual value of \$3,440,007.00 subject to a maximum annual price adjustment that is to be capped based on the percentage change in the posted All-Items CPI (Consumer Price Index) for Ontario; and
3. That the Director of Operations and the Senior Manager of Procurement & Accounts Payable be authorized to extend the contract for two (2) additional, separate winter seasons (December 1, 2026 to March 31, 2028) subject to a maximum annual price adjustment that is to be capped based on the percentage change in the posted All-Items CPI (Consumer Price Index) for Ontario; and,
4. That the tendering process be waived in accordance with Procurement By-Law 2017-8, Part II, Section 11. Non-Competitive Procurement, items 11.1 (c) and (g), which state:
 - (c) when the extension of an existing Contract would prove more cost-effective or beneficial; and
 - (g) Where it is in the City’s best interest not to solicit a competitive bid; and,
5. That the 2024-2028 operating budgets and purchase orders be adjusted for growth (increase in kilometres of roadway) 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, subject to Council approval; and
6. That the 2024 operating budget be increased for the 2024 financial impact of CPI in the estimated amount of \$372,037 subject to future growth requirements and Council approval; 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 to extend the sidewalk winter maintenance contracts for three (3) additional years with an option to extend for two (2) additional years subject to an annual adjustment based on CPI.

BACKGROUND:

This contract is utilized for winter maintenance requirements for sanding/salting/plowing of the sidewalks throughout the City.

- De Ferrari Construction Ltd – 18 Sidewalk units, 5 Flat Bed Filler Trucks, 2 Supervisor Pick-up trucks
- VTA Construction Limited - 17 sidewalk units, 5 Flat Bed Filler Trucks, 2 Supervisor pick-up trucks

In 2008, Staff awarded the contract for Sidewalk Winter Maintenance (032-T-08) for a 7-year period (2008 -2015). Subsequently, Staff received approval to further extend the contract for additional years with a contract expiry of March 31, 2023.

In comparison to other municipalities, sidewalk winter maintenance is looked after by BIAs, commercial businesses and residences for their respective portion of the sidewalk. Contractors that provide this service are advising of increasing insurance costs and fewer insurance companies willing to take on contractors who perform winter maintenance due to increases in claims for slip and falls during the winter months.

Staff reviewed the option of issuing a new tender to the market, however, due to the ongoing hyperinflationary pressures and the ongoing challenges of procuring new units due to supply chain issues, Staff recommend extending the contract in order to maintain existing service levels, minimize cost increases, while simultaneously reviewing the option to issue a new tender for a long term contract.

OPTIONS/ DISCUSSION:

Through negotiations, Procurement was able to negotiate from a requested 40%+ increase over the 2022/23 rates to a 9% increase. However, once the 9% increase for the 2023/24 budget is included, the value of the contract has increased by 36% since 2008, which is in line with the CPI increase of 37% over the same period.

The contractual pressures include the following:

- increases in cost of insurance
- increase in labour costs and difficulty in hiring seasonal staff
- increases in fuel
- increases in costs for parts and servicing equipment

Staff anticipate that issuing a new tender to the market at this time will result in higher rates and the extension of the current contract will ensure the continuity/consistency of existing services and price certainty.

Extending the contract will provide time for the market to stabilize and provide the opportunity to release a new tender in 2024/25. It will also allow contractors time to purchase new equipment to align with City requirements.

FINANCIAL CONSIDERATIONS

		<u>2023 Budget</u>	<u>2024 Estimated</u>	<u>Difference</u>
		A	Price B	C=A-B
De Ferrari	Standby	\$ 402,723	\$ 915,586	\$ (512,862)
	Operating	\$ 1,188,625	\$ 839,520	\$ 349,105
	Total	\$ 1,591,348	\$ 1,755,106	\$ (163,757)
VTA	Standby	\$ 370,506	\$ 878,962	\$ (508,457)
	Operating	\$ 1,106,116	\$ 805,939	\$ 300,177
	Total	\$ 1,476,622	\$ 1,684,901	\$ (208,280)
GRAND TOTAL		\$ 3,067,970	\$ 3,440,007	\$ (372,037)

Winter Maintenance Operating Budgets and the corresponding purchase orders will be adjusted for annual growth and price escalation, subject to Council approval of future operating budgets. Based on estimated pricing for 2024, there will be a requirement for incremental budget of \$372,037 for the 2023/2024 winter season for sidewalk maintenance, which is equivalent to an approximate property tax rate increase of 0.2%.

HUMAN RESOURCES CONSIDERATIONS

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not applicable.

BUSINESS UNITS CONSULTED AND AFFECTED:

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

RECOMMENDED BY:

Alice Lam
Director, Operations

Eddy Wu
Acting Commissioner, Community Services

ATTACHMENTS:

Not applicable.