



Report to: General Committee

Meeting Date: May 28, 2024

SUBJECT: 025-R-24 Citywide Plumbing Services

PREPARED BY: Darius Chung, Senior Buyer, Ext. 2025
Jason Ramsaran, Facility Assets Coordinator, Ext. 3526
Joanna Chan, Senior Financial Analyst, Ext. 2073

RECOMMENDATION:

1. That the report entitled “025-R-24 Citywide Plumbing Services” be received; and,
2. That the contract be awarded to the highest ranked / lowest priced bidder, Saunders Plumbing and Heating Inc. in the estimated annual amount of \$184,854.16 inclusive of HST; and,
3. That the award be funded from various operating accounts; and,
4. That the contract include an option for the City (in its sole discretion) to extend the contract for up to three additional one-year terms. Pricing will be firm for the first year of the contract and prices in years two, three, and four will be subject to Consumer Price Index (CPI) increase to a maximum of 4%; and,
5. That the Director of Sustainability & Asset Management and Senior Manager of Procurement & Accounts Payable be authorized to extend the contract for an additional three, one-year periods subject to approval of the annual operating budget, vendor performance, and an increase based on the CPI to a maximum of 4%; and,
6. That the award amounts in 2025 to 2028 be subject to Council adoption of the respective annual operating budgets and that the award amounts / purchase order be amended to reflect changes to the various departments’ budget accounts as adopted by Council during the annual budget process; 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 approval to award the contract for plumbing services for various City locations on an as-required basis.

BACKGROUND:

The work includes all materials, labour and equipment necessary to provide plumbing services to various locations within the City of Markham, including community centres, culture facilities, fire stations, works yards, parks, libraries and administrative buildings. This contract is for 24/7 plumbing services on an as-required basis for day-to-day repairs not to exceed a value of \$5,000.00, pre-tax, per repair. For any job in excess of \$5,000.00, pre-tax, the City reserves the right to competitively price the work. The contract also includes priority response time within one hour for emergency services.

PROPOSAL INFORMATION:

Bid closed on	April 5, 2024
Number picking up bid document	21
Number responding to bid	17

PROPOSAL EVALUATION:

The Evaluation Team was comprised of staff from Sustainability & Asset Management and Recreation Services. Staff from the Procurement Department acted as the evaluation facilitator.

The evaluation was based on pre-established evaluation criteria as outlined in the Request for Proposal: Qualifications and Experience of the Bidder 25%, Experience and Qualification of the Personnel 20%, Project Delivery Method and Response Times 20%, Health and Safety 5%, and price 30%, for a total of 100% with the resulting score as noted below.

Bidder	Total Score (100 points)
Saunders Plumbing and Heating Inc.	83

Saunders Plumbing and Heating Inc. is the incumbent and has been the city-wide plumbing service contractor since being awarded the contract in 2016 and subsequently awarded again in 2020. Since then, they have proven to be a reliable vendor and staff have been pleased with their performance and attention to detail.

OPTIONS AND DISCUSSIONS:

As-required plumbing services volume has increased by 46% in the last 4 years. This is primarily due to an increase in the number of facilities covered the aging facility equipment. Staff will continue to monitor and assess plumbing hours utilized during the life of the contract, with a view to ensuring the most effective use of the service.

FINANCIAL CONSIDERATIONS:

Recommended bidder	Saunders Plumbing and Heating Inc. (lowest priced / highest ranked bidder)	
Current budget available	\$ 120,000.00	Various Operating Accounts
Less cost of award	\$ 181,148.06 \$ 181,148.06 \$ 181,148.06 \$ 181,148.06 \$ 724,592.24	June 1, 2024 – May 31, 2025* June 1, 2025 – May 31, 2026** June 1, 2026 – May 31, 2027** June 1, 2027 – May 31, 2028** Total cost of award (Incl. of HST)**
Budget remaining after this award	(\$ 61,148.06)	***

*Cost of award is estimated based on actual plumbing hours performed from 2020-2024 including material costs.

**Subject to Council adoption of the annual operating budgets. Years 2-4 are subject to Consumer Price Index (CPI) increase to a maximum of 4%.

***The shortfall is due to a 46% increase in as-needed plumbing hours (volume), budget held at the same 2020 level and higher cost of labour and material.

Under this new contract, the hourly rate has increased by 15% for each service type categorized as follows:

1. 1-Person Crew (Regular Hours, Licensed Plumber) - \$63/hour (Increased from \$55/hour)
2. 2-Person Crew (Regular Hours, Licensed Plumber & Apprentice) - \$97/hour (Increased from \$85/hour)
3. 1-Person Crew (After Hours Licensed Plumber) – \$95/hour (increased from \$82.50/hour)
4. 2-Person Crew (After Hours Licensed Plumber & Apprentice) \$146/hours (Increased from \$127.50/hour)

Staff negotiated with Saunders and reduced the estimated cost per year in 2024-2025 from \$184,854.14 to \$181,148.06 (\$3,706.10 or 2% reduction) without any modifications to scope. Each of the new hourly rates were reduced by \$2/hour from their original submission. Over a period of 4 years, this represents \$15,737.82 in cost avoidance, if all service types are used.

In comparison to other plumbing contractors bidding on this contract, labour and material rates are reasonable, with the lowest being \$181,148.06 / year, and the highest being \$683,461.88 per year, and an average cost of \$313,977.32 /year.

From a budget perspective, the above cost of award from June 2024 to May 2024 was translated into an adjusted cost of award from January to December to match the operating budget timeline.

The table below shows the budget impact in calendar year 2024, which will be absorbed by the various departments as part of the 2024 results of operations.

The annual budget of \$120,000 was prorated equally by 7 months to arrive at the available budget from June 1, 2024 to December 31, 2024. The cost of award for the same period (June 1, 2024 to December 31, 2024) was prorated equally by 7 months based on the total cost of award of \$181,148.06, which is from June 1, 2024 to May 31, 2025.

2024 Annual Budget Available	Budget Available Jun. 1, 2024 - Dec. 31, 2024	Cost of Award for Jun. 1, 2024 - Dec. 31, 2024	2024 Budget Impact
120,000.00	70,000.00	105,669.70	(35,669.70)

Incremental budget impacts will be addressed in the 2025 and future budget processes.

ENVIRONMENTAL CONSIDERATIONS:

All waste will be disposed of at an authorized dump, waste treatment site or recycling facility by the Contractor, and will be disposed of in accordance with applicable by-laws and regulations.

OPERATING BUDGET AND LIFE CYCLE IMPACT

The annual operating shortfall in 2024 will be absorbed as part of the 2024 results of operations. As a result of the shortfall shown in the previous tables, the incremental operating budget impact be addressed as part of the 2025-2028 operating budgets, subject to adoption. There is no incremental life cycle impact. Opportunities to reduce the requirement for external on-demand plumbing services, and related costs will be actively pursued.

HUMAN RESOURCES CONSIDERATIONS:

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not applicable

BUSINESS UNITS CONSULTED AND AFFECTED:

Comments from Sustainability and Asset Management, Recreation and Finance have been incorporated into this report.

RECOMMENDED BY:

Graham Seaman,
Director, Sustainability and
Asset Management

Trinela Cane,
Commissioner, Corporate Services