



Report to: General Committee

Meeting Date: April 18, 2017

SUBJECT: Contract Extension # 116-T-16 for Grass Cutting and Maintenance Services
PREPARED BY: David Plant, Manager, Parks Operation, Ext. 4893
Patti Malone, Senior Buyer, Ext. 2285

RECOMMENDATION:

- 1) That the report entitled “Contract Extension # 116-T-16 for Grass Cutting and Maintenance Services” be received;
- 2) And that the current contract #116-T-16 for Grass Cutting and Maintenance Boulevard Services of 21.98 ha which expires on December 31, 2018 be extended with Ontario Inc. o/a Clarington Contracting Services from January 1, 2019 to December 31, 2021 at an annual cost of \$43,112.16, inclusive of HST;
 - 2019 - \$43,112.16
 - 2020 - \$43,112.16
 - 2021 - \$43,112.16
- 3) And that contract # 116-T-16 for Grass Cutting and Maintenance Services of Boulevards be increased by an additional 80.02 ha with Ontario Inc. o/a Clarington Contracting Services for five (5) years at the following prices (inclusive if HST);
 - 2017 - \$165,529.38
 - 2018 - \$165,529.38
 - 2019 - \$174,119.50
 - 2020 - \$174,119.50
 - 2021 - \$174,119.50
- 4) AND That the tendering process be waived in accordance with Purchasing By-Law 2004-341, Part II, Section 7 (1) (c) which states “when the extension of an existing contract would prove more cost-effective or beneficial”;
- 5) And that funds be provided from 730-730-5399 Contract Services Weed Removal in the amount of \$165,529.38 for the increased 2017 award amount;
- 6) And that Staff be authorized to adjust the purchase orders in 2018-2021 based on the approved budget in each of these years, subject to Council approval of the 2018-2021 operating budget;
- 7) And 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 for the following:

1. Extend the existing contract 116-T-16 which expires December 31, 2018 for three (3) additional years (2019 – 2021).
2. Increase the ha of grass cutting and maintenance work under contract 116-T-16 by an additional 80.02 ha for a total of 102 ha (21.98 + 80.02) for five (5) years (2017 – 2021)

BACKGROUND:

The City has 102 hectares (ha) of boulevards and in 2016, the City issued a Tender to the market for 21.98 ha or 22% of City boulevards, with the remaining balance of 80.02 ha carried out by City Staff.

The contract provided grass cutting and maintenance service on a 12-14 day cycle (15 cuts per season) commencing April 15 and ending on November 11 for each season. Subsequently, the City awarded contract 116-T-16 to the lowest priced bidder (Ontario Inc. o/a Clarington Contracting Services) for a three (3) year term (2016 – 2018).

Prior to the 2016 season, the City maintained all boulevard grass areas (Regional and City) within the City limits. Commencing spring 2016, the Region of York resumed maintenance of all Regional boulevards resulting in the fragmenting of City routes which reduced our efficiency due to increased crew travel time, loading and unloading.

Therefore, Staff are recommending outsourcing all 102 ha of boulevard grass cutting and maintenance services in order to regain a portion of the efficiencies that were lost when the Region resumed maintenance of all Regional boulevards.

With boulevard grass cutting contracted for all areas of the City, existing staff will be redeployed to maintenance activities within parks to manage growth from accelerated parks construction Citywide and resume maintenance of two parks previously contracted.

The reallocation will be undertaken at no additional cost to the City.

OPTIONS/ DISCUSSION:

The City may negotiate contracts outside the competitive contracting process when negotiations can reasonably be expected to lead to price savings and/or operational efficiencies which could not be reasonably expected as achievable through a competitive bidding process.

21.98 Ha - extend the existing contract for three (3) additional years (2019 – 2021)

The City is currently under contract with Ontario Inc. o/a Clarington Contracting Services to cut 21.98 ha of boulevards until December 31, 2018. In 2016, when the City went to the market, the lowest priced bidder (Ontario Inc. o/a Clarington Contracting Services) was 30% lower in cost than the City's previous contract and the per ha price dropped from \$2,789.10 per ha in 2015 to \$1,961.43 per ha.

Therefore, Staff are recommending extending the existing contract for three (3) additional years (2019 – 2021) at the same 2016 itemized pricing ($\$1,961.43 \times 21.98 \text{ ha} = \$43,112.16$).

80.02 ha - increase the ha of grass cutting and maintenance for five (5) years

Due to this favourable pricing and based on performance for the 2016 season, Staff are recommending increasing the contract value by adding an additional 80.02 ha for five (5) years (2017 – 2021).

The costs associated with grass cutting and maintenance of boulevards for the additional 80.02 ha will cost 5.46% more than the cost for the existing 21.98 ha ($\$1,961.43 \times 5.46\% = \$2,068.52$). This price will remain firm until 2019 and then will increase by 5% for 2019 and remain fixed until 2021.

Staff negotiated with Ontario Inc. o/a Clarington Contracting Services from their original proposed pricing of $\$2,143.21/\text{ha}$ to $\$2,068.52/\text{ha}$ for the additional 80.02 ha.

The increase ($\$2,068.52$ vs. $\$1,961.43$) for the additional 80.02 ha is due to multiple locations requiring loading and unloading of equipment, fragmented routes, and higher fuel costs. However, these prices are still 20% lower than the City's previous contract.

FINANCIAL CONSIDERATIONS

In-house cost (currently included in the part-time personnel budget) ($\$2,250.18/\text{ha} \times 80.02\text{ha}$)	\$ 180,059.40	A
Cost of outsourcing ($\$2,068.60/\text{ha} \times 80.02\text{ha}$)	\$ 165,529.38	B
Surplus	<u>\$ 14,530.02</u>	C=A-B

The in-house cost is $\$2,250.18/\text{ha}$ as compared to the contracted rate of $\$2,068.60/\text{ha}$ resulting in a favourable variance of $\$14,530.02$ ($\$180,059.40 - \$165,529.38$) which will be reported as part of the 2017 results of operations. The budget will be re-allocated between part-time personnel and other contracted services.

Staff will monitor and adjust the budget accordingly as part of the 2018 Budget process.

The reallocation between the grass and maintenance work on boulevards and the maintenance activities within parks will be undertaken at no additional cost to the City.

LIFECYCLE REPLACEMENT & CAPITAL RESERVE FUND

Not applicable

HUMAN RESOURCES CONSIDERATIONS

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

This initiative addresses prudent growth management to address growth within our City parks while maintaining current staff levels and working within current approved parks maintenance budgets.

BUSINESS UNITS CONSULTED AND AFFECTED:

Parks Operations

Finance

RECOMMENDED BY:

4/11/2017

X 

Morgan Jones
Acting Director, Operations

X 

Phoebe Fu
Acting Commissioner, Community & Fire Services