



Report to: General Committee

Date Report: April 27, 2015

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**SUBJECT:** Contract Extension for Streetlight Maintenance and Underground Streetlight Cable Locates Program

**PREPARED BY:** Prathapan Kumar, Senior Manager, ROW Assets, Ext. 2989  
Tony Casale, Senior Construction Buyer, Ext. 3190

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**RECOMMENDATIONS:**

- 1) THAT the report entitled “Contract Extension for Streetlight Maintenance and Underground Streetlight Cable Locates Program” be received;
- 2) AND THAT the Contract for the 2015 Streetlight Maintenance and Underground Streetlight Cable Locates be awarded to Langley Utilities Contracting Ltd. in the estimated amount of \$868,694.59 inclusive of HST for the period of June 1 to December 31, 2015;
- 3) AND THAT a Purchase Order in the amount of \$10,000.00 inclusive of HST be issued to PowerStream for works associated with the disconnection and re-connection of power from PowerStream-owned transformers when required, for the period of June 1 to December 31, 2015;
- 4) AND THAT the tender process be waived in accordance with Purchasing By-Law 2004-341 Part II, Section 7 item 1 (c) which states “when the extension of an existing contract would prove more cost-effective or beneficial;”;
- 5) AND THAT the award from June 1, 2015 to December 31, 2015 for streetlight maintenance and underground cable locates be funded from the 2015 operating accounts #720-720-5497 Streetlight Maintenance & Repair in the amount of \$471,775.58; #720-720-5499 Other Maintenance & Repair in the amount of \$86,786.50 and from account # 720-720-5436 Utility Locates in the amount of \$320,132.51;
- 6) AND THAT the CAO be authorized to extend the contract for three (3) additional one (1) year terms at the same pricing for 2016 and on mutually agreed Unit prices for the period 2017 and 2018, subject to satisfactory performance and approval of the Operating budgets;
- 7) And THAT the purchase order be adjusted in future years up to the approved operating budget as approved by the Council;
- 8) AND THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

**EXECUTIVE SUMMARY:**

Not Applicable

**PURPOSE:**

The purpose of this report is to obtain Council approval to extend the contract for streetlight maintenance and underground streetlight cable locates program from June 1, 2015 to December 31, 2015.

**BACKGROUND:**

Markham's streetlighting network (approx. 27,339 light fixtures) is owned and operated by the City. Approximately 600 - 800 new streetlights are added to the inventory through new development and scheduled capital projects related to lighting improvements on major and minor collector roads.

Since 2006, PowerStream has managed the City's streetlight maintenance, repair, re-lamping and underground cable locates program based on their expertise and background with the electrical systems. This engagement is one of the three components of a shared service agreement between the City and PowerStream. The other two services are hydro cashier services provided by the City of Markham on behalf of PowerStream and water meter reading and billing provided by PowerStream.

Streetlight maintenance includes emergency repairs to the damaged poles and fixtures, annual re-lamping of HPS fixtures where bulbs are replaced and fixtures are cleaned, on a five year cycle, as part of preventive maintenance program, as well as streetlight underground utility locating services.

Streetlight Maintenance

Streetlight maintenance is sub-contracted to a third party by PowerStream through a competitive bidding process. PowerStream receives a project management fee of 10% or \$93,837 to manage the program.

Utility Locates:

PowerStream manages the underground streetlight locate services through the Locate Alliance Consortium (LAC), a group formed by facility owners. PowerStream's current utility locator is Canadian Locators Inc. (CLI). PowerStream charges for actual locate costs without any additional administration fees.

PowerStream Charges for Miscellaneous Works:

PowerStream provides the following assistance to the maintenance contractor:

- disconnecting and re-connecting power from PowerStream-owned transformers when required
- responding to emergency calls in case of an accident involving a streetlight pole, and ensuring the area is safe

Staff estimates an annual cost of \$10,000.00 associated with the above miscellaneous works. This work will have to be carried out by PowerStream and cannot be assumed by the City.

2014 Streetlight Maintenance Tender:

In 2014, PowerStream, with input from Asset Management staff, prepared and issued a Bid to the market for streetlight maintenance, repair and re-lamping based on a contract term of thirty-three months (April 2014 – Dec 2016) with an option to extend the contract for two (2) additional one (1) year periods subject to performance. The Bid document included provisional pricing for underground utility locates. The contract was awarded to the lowest priced bidder, Langley Utilities Inc. Also, Langley's locate cost was approximately 20% lower compared to current PowerStream locate costs. The contract included a clause that allowed transfer of the contract management services to the City at any time.

**OPTIONS/ DISCUSSION:**

In January 2012, PowerStream requested that the City take responsibility for both streetlight maintenance and underground streetlight cable locates commencing January 2013. Following negotiations, PowerStream agreed to continue with the streetlight maintenance and cable locating services until the end of 2014, but requested that the City consider taking over contract management services in 2015.

In December 2014, PowerStream submitted a fee proposal to continue with the contract management of streetlight maintenance and underground cable locates program. PowerStream identified the need for 2 to 4 full-time staff to manage the contracts (contract administration fee \$349,863 to \$728,596). Due to the significant increase in Powerstream's contract administration costs, staff recommend that the City take over the contract administration responsibilities from PowerStream with a 2 year contract staff to manage both streetlight maintenance and underground cable locate contracts internally. There is no impact to 2015 Operating Budget as the new 2-year contract cost is offset by the PowerStream contract management fee, which is part of the maintenance budget. This position was approved by Council as part of the 2015 Operating budget.

Staff also recommends that Langley assume the utility locates contract for the period of June 1 – December 31, 2015 as the price is lower by approximately 20% compared to the current PowerStream locate contract with CLI. Therefore, it is recommended that the contract for the streetlight maintenance and underground streetlight cable locates be awarded to Langley Utilities Contracting Ltd. in the amount of \$868,694.59 inclusive of HST for the period of June 1 to December 31, 2015.

Adopting the recommendations above will provide the City with the most cost effective solution for the streetlight maintenance and underground cable locate contracts.

**FINANCIAL CONSIDERATIONS AND TEMPLATE:**

The following table summarizes the financial considerations:

Total Budget	\$ 803,374.00 \$ 135,000.00 \$ 490,000.00	720-720-5497 Streetlight Maintenance & Repair 720-720-5499 Other Maintenance & Repair 720-720-5436 Utility Locates
Budget Available for this Project (for period of June 1, 2015 to December 31, 2015)	\$ 471,775.58 \$ 86,786.50 \$ 320,132.51	720-720-5497 Streetlight Maintenance & Repair 720-720-5499 Other Maintenance & Repair 720-720-5436 Utility Locates
<b>Total Budget Available for this Project (A)</b>	<b>\$ 878,694.59</b>	
Less: Award to Langley Utilities (B)	\$ 868,694.59	
Less: Award to PowerStream Inc. (C)	\$ 10,000.00	Funded from 720-720-5497 Streetlight Maintenance & Repair
<b>Remaining Budget (A) – (B) – (C)</b>	<b>\$ 0.00</b>	

Note: Figures above includes HST impact.

**ALIGNMENT WITH STRATEGIC PRIORITIES:**

The proposed program is in line with City's goal to provide quality services to the public and is consistent with the Building Markham's Future Together strategic priority on the Municipal Services.

**BUSINESS UNITS CONSULTED AND AFFECTED:**

Finance department has been consulted and their comments have been incorporated.

**RECOMMENDED BY:**

21/04/2015

4/21/2015

X 

Phoebe Fu  
Director, Asset Management

X 

Brenda Librecz  
Commissioner, Community and Fire Services

**ATTACHMENTS:**

None