



Report to: Committee of the Whole

Date of Meeting: September 26th, 2006

SUBJECT: Extension of Contract 121-T-03 Rental of Tandem Axle
Sander Trucks for Winter Maintenance

PREPARED BY: Amit Sobti, Senior Buyer, Purchasing, Ext 2239
Bob Walter, District Manager (East), Operations Ext 4857

RECOMMENDATION:

THAT the staff report entitled "Extension of Contract 121-T-03 Rental of Tandem Axle Sander Trucks for Winter Maintenance" be received;

AND THAT Contract 121-T-03 Rental of Tandem Axle Sander Trucks for Winter Maintenance be extended as per original tender for an additional two (2) winter seasons (2006-2007 & 2007-2008) with an hourly rate increase from \$95 to \$100 per hour over 2003 itemized prices;

AND THAT Price increase from \$95 to \$100 per hour be firm for the 2006-2007 and 2007-2008 winter seasons;

AND THAT Fuel escalation clause included in original tender 121-T-3 be removed from the contract extension years 2006-2008 winter seasons;

AND THAT Extension of Contract 121-T-03 Rental of Tandem Axle Sander Trucks for Winter Maintenance be extended to D.Crupi & Sons Ltd. for an estimated total amount of \$1,691,840.00 for a two (2) year term. Commencing November 1, 2006;

AND THAT the 2006 costs, estimated at \$281,974.00 be charged to the Operating Account 700 504 5316 Winter Maintenance Tandem Axle;

AND THAT the following 2007-2008 estimated costs be provided for within the respective years budget submission for the Operations Department;

- 2007 \$845,920.00
- 2008 (Jan 1- Apr 15) \$563,946.00

AND THAT the 2007 and 2008 budgets/purchase orders will be adjusted for growth (increase in kilometers of roadway) based on the approved budget for that year;

FINANCIAL CONSIDERATIONS:

Funds for the contract will be provided from the Operating Account 700 504 5316 Winter Maintenance Tandem Axle.

The 2006 budget remaining in account 700 504 5316 is \$422,228.50. Based on the contract extension the estimated cost for tandem axle sanders from Nov 1st - Dec 31st, 2006 will be \$281,974.00. The remaining estimated favourable variance of \$140,254.50 (\$422,228.50 - \$281,974.00) will be applied to other winter maintenance contracts in 2007.

The total budget in account 700 504 5316 is \$799,333.00. Based on the contract extension the estimated cost for tandem axle sanders for 2007 is \$845,920.00. The shortfall of \$46,587.00 (\$845,920.00 - \$799,333.00) will be discussed during the 2007 budget process.

PURPOSE:

The purpose of this report is to obtain Council approval for the extension of our existing winter maintenance contract, Tender 121-T-03, rental of tandem axle truck sanders for winter maintenance for the 2006-2007 and 2007-2008 winter seasons.

BACKGROUND:

In August of 2003 Council approved award of Tender 121-T-03 rental of tandem axle truck sanders for winter maintenance for three (3) years. The Tender referred to a contract term for three (3) years with an option to renew for an additional two (2) years by mutual agreement from both parties.

OPTIONS/ DISCUSSION:

Even after considering the increase in the operating rate of \$5 per hour (\$100-\$95), the Town's rates will still be below the market average and based on submissions in 2003 for 121-T-03 these 2006-2008 rates are 40% (\$140.00/hr) lower than 2nd lowest bidder received in 2003.

The fuel escalation clause has been removed for the remaining two (2) years of this contract to help offset the hourly rate increase. The fuel escalation clause had a projected annual increase of 1.43% of the total contract value ($1.43\% \times 845,920.00 = \$12,096.65$).

FINANCIAL TEMPLATE:

Not applicable

ENVIRONMENTAL CONSIDERATIONS:

Not applicable

ACCESSIBILITY CONSIDERATIONS:

Not applicable

ENGAGE 21ST CONSIDERATIONS:


Not applicable


BUSINESS UNITS CONSULTED AND AFFECTED:

Not applicable

RECOMMENDED

BY:


Peter Loukes
Director, Operations


For Jim Sales
Commissioner, Community
and Fire Services

ATTACHMENTS:

None