



Report to: General Committee

Date Report Authored: October 28, 2013

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<b>SUBJECT:</b>	Contract Extension for Routine & Emergency Sewer and Watermain Repairs
<b>PREPARED BY:</b>	Eddy Wu, ext. 2445 Robert Slater, ext. 3189

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**RECOMMENDATION:**

- 1) THAT the report entitled “Contract Extension for Routine & Emergency Sewer and Watermain Repairs” be received;
- 2) AND THAT the contract for Routine & Emergency Sewer and Watermain Repairs be extended to Finch Paving (1993) Inc. for an additional six (6) months (January 1, 2014 to June 30, 2014) with a contractual value totaling \$473,183, inclusive of HST at the same 2013 itemized pricing;
- 3) 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”;
- 4) AND THAT funds be provided from the 2014 Operating Budget accounts as listed in the Financial Considerations section in the amount of \$473,183, subject to Council approval of the 2014 operating budget;

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 obtain approval to extend contract 029-T-07 “Routine & Emergency Sewer and Watermain Repairs” for an additional six (6) months from January 1<sup>st</sup> to June 30<sup>th</sup>, 2014 at the same 2013 itemized prices.

**BACKGROUND:**

The Routine and Emergency Sewer and Watermain Repairs contract is an essential service for the immediate repair of watermain breaks to restore the system to service for fire and domestic needs. It also includes emergency sewer repairs to mitigate sewer backups into homes, properties and the environment.

The contract requires the contractor to be on-call 24 hours a day, with no compensation for stand-by hours and a response time of one hour for emergency services.

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**OPTIONS/ DISCUSSION:**

In June 2007, Council approved the award of contract 029-T-07 to the lowest priced bidder, Finch Paving (1993) Inc. (Finch Paving) for a period of 3 ½ years (July 1, 2007 – December 31, 2010). However, the bid document (029-T-07) and bid submissions included a 4 year contractual term (July 1, 2007 - June 30, 2011).

In 2010, Council subsequently approved the award of the contract for the 6 month period (Jan 1, 2011 – June 30, 2011) as per original bid documents and submission with a further 6 month extension (July 1, 2011 – December 31, 2011). This extension approved in 2010 and 2011 allowed the 2011 unit pricing to be the same as the 2010 unit rates and through negotiations, Finch Paving agreed to forego the annual 3% escalation included within the contract or, approximately \$40,000 for 2011.

In October 2011, Council approved a further two year extension (January 1, 2012 to December 31, 2013), at which time the contract will expire. This extension approved in 2011 allowed the City to extend the contract for a further 2 years with a 5% reduction in unit costs from the 2010 prices.

**Rationale:**

Staff has tendered the Routine and Emergency Sewer and Watermain Repairs contract on 4 separate occasions (1998, 2003, 2004 & 2007) with Finch Paving being the lowest priced bidder on all these competitive tenders. By extending this contract for a further 6 months, the City will be able to utilize unit costs lower than that of our 2010 pricing and eliminate the concerns (if required) of changing suppliers during the busy time of the year for this type of service.

The majority of the service required under this contract occurs during the winter months. Staff is of the opinion that going to tender and awarding a contract at the beginning of January may seriously disrupt the continuity and quality of service should the incumbent not be the successful bidder. There is a learning curve for new contractors to get accustomed to Markham's water system and processes. Staff is therefore recommending going to the market during the winter period and award in the spring/summer time when peak services periods are past, with the commencement of the new contract on July 1, 2014.

Finch Paving has been providing this service since 1998 and has been the lowest bidder on all bid calls since this date.

**FINANCIAL CONSIDERATIONS AND TEMPLATE:**

The contract will be awarded to Finch Paving (1993) Inc. in the amount of \$473,183 for the period of January 1<sup>st</sup>, 2014 to June 30<sup>th</sup>, 2014 at the same 2013 itemized pricing. The award will be funded from the accounts as listed below:

Account Name	Account #	Budget Amount	Amount to Allocate to this project	Cost of Award	Budget Remaining
Watermain Breaks	760-100-5300	422,030	167,090	167,090	-
T&D Residential Lines	760-111-5300	183,825	41,893	41,893	-
T&D ICI Services	760-112-5300	29,827	11,938	11,938	-
T&D Valves	760-113-5300	93,575	27,614	27,614	-
T&D Chambers	760-114-5300	61,718	30,859	30,859	-
T&D Hydrants	760-115-5300	107,415	52,708	52,708	-
Sewer Line Breaks	760-500-5300	40,883	18,442	18,442	-
T&D Sewer Main Lines	760-510-5300	149,500	11,000	11,000	-
T&D Sewer Residential Lines	760-511-5300	114,600	50,050	50,050	-
T&D ICI Sewer Services	760-512-5300	30,386	12,943	12,943	-
Manhole Maintenance	760-560-5300	36,296	18,148	18,148	-
Emergency Repairs	700-101-5399-14186	101,800	30,500	30,500	-
<b>Totals:</b>		<b>1,371,855</b>	<b>473,183</b>	<b>473,183</b>	<b>-</b>

Note that the award is subject to Council approval of the 2014 budget.

#### **HUMAN RESOURCES CONSIDERATIONS**

Not applicable

#### **ALIGNMENT WITH STRATEGIC PRIORITIES:**

Not applicable

#### **BUSINESS UNITS CONSULTED AND AFFECTED:**

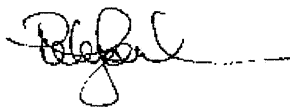
Not applicable

#### **ATTACHMENTS:**

#### **RECOMMENDED BY:**

29/11/2013

X



Peter Loukes, P. Eng.  
Director, Environmental Services

11/28/2013

X



Brenda Librecz  
Commissioner, Community & Fire Services