



Report to: General Committee

Date Report Authored: June 19, 2012

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**SUBJECT:** Contract Extensions for Hired Graders and Loaders for Winter Maintenance

**PREPARED BY:** Paul Ingham, Director, Operations  
Alex Moore, Manager, Purchasing

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**RECOMMENDATION:**

- 1) That the staff report entitled 'Contract Extensions for Hired Graders and Loaders for Winter Maintenance' be received;
- 2) And that the Director of Operations and Manager of Purchasing be authorized to enter into formal negotiations with existing contractors to secure contract extensions for both hired loaders and graders for local road winter maintenance;
- 3) And that the tender process be waived in accordance with Purchasing Bylaw 2004-341, Part 11, Section 7(1) c which states "when the extension of an existing contract would prove more cost-effective or beneficial;
- 4) And that the Chief Administrative Officer be authorized to award contract extensions for tenders 012-T-03 and 128-T-03 for three (3) winter seasons (2012-2015) with an option for the Town to renew on a year by year basis for two (2) additional winter seasons (2015-2017);
- 5) And that the budget impacts resulting from the award of these contract extensions be dealt with through the 2013 Operating Budget process;
- 6) 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 extension of our existing winter maintenance contracts 012-T-03 Rental of Graders for Winter Maintenance and 128-T-03 Hired Loaders, for an additional three (3) winter season (2012-2015), with an option to extend on a year by year basis for an additional two (2) winter seasons (2015-2017).

**BACKGROUND:**

The contract extensions for tenders 012-T-03 and 128-T-03, for the rental of graders and loaders for winter maintenance, expired in April, 2012. Currently 40 graders and 28 loaders are used for winter maintenance to assist in the removal of snow on the Town's local road network. Road graders are used almost exclusively for local road plowing activities.

Hired loaders are deployed to move snow from rear lanes to available boulevard snow storage sites within the immediate area of the rear lanes. Loaders are also deployed to assist with local road clearing in cul-de-sacs and wide corners throughout the Town.

These contracts are two of the four major contracts issued to secure the services for winter maintenance equipment throughout the Town of Markham. The other two contracts are: Rental of Tandem Axle Trucks and Sidewalk Winter Maintenance which expire in 2015 and include option for three (3) year additional years.

### **Hired Graders**

In 2003, the Town went to the market for hired Graders and received bids from only five (5) contractors. Subsequently, all five (5) were awarded the contract at the hourly rates provided in their respective tender submissions and a set daily standby rate. Since this date, staff have requested and received two (2) extensions to this contract (2008 & 2010) from Council.

In 2008, Staff determined it was in the best interests of the Town to renegotiate extensions at the existing prices, in light of price increases recognized in on the sidewalk/tandem plows (70-80% higher than previous contract), as well as the limited number of Graders in the field. Also, during the 2008 contract extension, one (1) of the five (5) contractor's choose not to renew as they were receiving approximately \$100 / day higher standby rate and 25% higher hourly rates from another municipality.

In 2010 staff negotiated contract extensions for an additional two years at the 2008 itemized prices. At the same time, the contractors were awarded additional stand by payments for the windrow clearing units included in the grader contract. This paid stand by aligned with all other winter maintenance equipment currently under contract to the Town. The contractors' ability to secure dedicated resources to the windrow clearing program allowed for greater efficiency in meeting service level demands for managing the windrow clearing program.

### **2012 Contract Extension**

Of the four (4) contractors remaining under contract with the Town, only two are interested in a contract extensions for all units currently supplied to the Town (18 and 6 units respectively), one contractor has chosen not to renew and one contractor is only interested in renewing on 6 or the 11 units currently under contract. As a result, only 30 or the existing 40 units currently under contract will undertake negotiations for the period identified in this report.

### **Hired Loaders**

In 2003, the Town went to the market for hired loaders and received bids from only six (6) contractors. Subsequently, all six (6) were awarded contracts at the hourly rates provided in their respective tender submissions and a set daily standby rate. Since this date, staff have requested and received two (2) extensions to this contract (2008 & 2010) from Council.

In 2008, Staff determined it was in the best interests of the Town to renegotiate a two year extension with a 17% increase for the 1<sup>st</sup> year over the 2003 prices and a further 3% for the 2<sup>nd</sup> extension year, in light of price increases recognized on the sidewalk/tandem plows (70-80% higher than previous contract), as well as the limited number of contractors bidding on the hired loader contract in 2003.

In 2010 staff negotiated contract extensions for 28 loader units for an additional two years at the 2008 itemized prices.

### ***2012 Contract Extension***

All of the existing contractors have expressed interest in negotiating contract extensions for all units currently supplied to the Town.

Of the 28 units currently under contract, 8 of these units are combination backhoe/loaders which have reduced load capacity and maneuverability and have proven to be less efficient and effective than the larger articulated loaders. As part of our contract extension negotiations, staff will seek opportunity to convert these existing backhoe/loaders with articulated loaders with a minimum 2 yard bucket capacity to improve efficiency in rear lane snow removal operations. The additional standby and operating costs associated with the conversion to these larger replacement loaders will result in savings to operating hours in performing snow removal and clearing operations compared to the smaller units. However, these savings in operating hours will be absorbed in the growth component for winter maintenance with the additional roads within the Town.

### **Hired loaders (With Plow and Wing)**

In the fall of 2011, the Town went to the market and awarded a contract for two (2) loaders equipped with a plow and wing to address a shortfall in grader units due to Town wide growth in local road inventory. These additional units were required to complete local road plowing activities within the approved Council approved level of service. Contract was awarded for seven (7) years with an option to renew for three (3) additional years at the Town's discretion.

### **OPTIONS/ DISCUSSION:**

In order to address the anticipated shortfall in available equipment required to maintain the Town's local road network, Operations and Purchasing staff will investigate the following strategy to secure additional equipment.

1. Approach the grader contractors to see if additional units may be acquired at the negotiated rates for standby and operating for the same term of the contract extension.
2. Once we've exhausted attempts to obtain graders as noted above, approach the contractor currently supplying the two loaders equipped with a plow and wing to see if the balance of additional units may be acquired at the current contract rates for standby and operating for the same term as the existing contract.

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3. Once we've exhausted attempts to obtain equipment as noted in above strategies, Operations and Purchasing staff tender for hired tractors or loaders with plow and wing attachments to replace the balance of additional units required to meet local road plowing service levels.

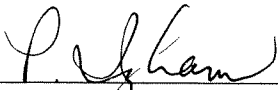
**FINANCIAL CONSIDERATIONS AND TEMPLATE: (external link)**

Detailed financial impacts will be outlined in award reports for contract extensions and/or tender awards for hired graders and loaders for winter maintenance operations.

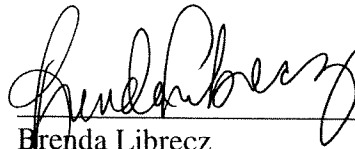
**ALIGNMENT WITH STRATEGIC PRIORITIES:**

Grader and Loader contracts align with Town's strategic focus on Municipal Services. Extension and/or tender of contracts for hired graders and loaders for winter maintenance provide resources required to meet Council approved winter maintenance standards for snow plowing on our local road network

**RECOMMENDED BY:**



Paul Ingham  
Director, Operations



Brenda Librecz  
Commissioner, Community and  
Fire Services