



Report to: : General Committee

Date Report Authored: November 2, 2011

SUBJECT: Award of Quotation # 194-Q-11 Two Hired Loaders with
Plow and Wing for Winter Operations
PREPARED BY: Morgan Jones, Ext, 2285
Patti Malone, Ext, 2239

RECOMMENDATION:

1. THAT the report entitled "Award of Quotation # 194-Q-11 Two Hired Loaders with Plow and Wing for Winter Operations" be received;
2. AND THAT the contract for Two Hired Loaders with Plow and Wing be awarded to the lowest priced bidder, Clifford's Haulage Ltd. in the total amount of \$440,508.96 for a period of seven years (December 2011-March 2018) inclusive of HST;
3. AND THAT the 2011 costs (December 2011) of \$13,126.80 and 2012 to 2018 costs be funded from the Operations Department's Operating Budget account # 700 504 5301;
4. AND THAT the 2013 – 2018 Operating Budgets be adjusted for growth (increase in kilometers of roadway), subject to Council approval;
5. AND THAT the 2013 – 2018 Operating Budgets be adjusted annually for price escalation on the hourly rates based on Consumer Price Index (CPI) (Canada all-items CPI September to September) with such increases effective November 1 of each year, subject to Council approval;
6. AND THAT the Director of Operations and Manager of Purchasing be authorized to exercise the option to renew the contract for an additional 3 years (November 1, 2018 to March 31, 2021) at the 2011 itemized prices inclusive of annual CPI increase subject to contract performance and budget approval;
7. AND THAT the Operations and Financial Services Departments develop a multi-year operations and financial strategy for winter maintenance and report back to Council in the spring of 2012;
8. AND THAT this report be brought forward to the November 22nd, 2011 Council meeting; and further;
9. AND THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

Not Required

PURPOSE:

The purpose of this report is to obtain Council approval to award the contract 194-Q-11 for two hired loaders with plow and wing for winter operations

BACKGROUND:

Currently, the Town uses graders to clear the snow from streets that are classified as local roads for winter maintenance operations. At present, the Town has under contract 40 graders to complete 42 routes. The two new routes were added in October 2010 due to growth within the Town. In order to complete all 42 routes, the contractor closest to the 2 new routes would complete their assigned routes and then move equipment into the two new routes to complete the winter cleanup. The Town is therefore not meeting Council approved levels of service for these two routes. In order to meet the level of service, all existing grader contractors were approached by Purchasing seeking graders for the additional routes but the contractors indicated they could not take on additional work due to capacity constraints. As an alternative to obtaining 2 graders, the Operations Department issued this tender for two (2) hired loaders fitted with a plow and wing including operator to be assigned to these two new routes for winter operations.

BID INFORMATION:

Advertised	ETN
Bids closed on	October 19, 2011
Number picking up bid documents	10
Number responding to bid	6

DETAILED PRICING INFORMATION:

Company	Total Price*
Clifford's Haulage Ltd.	\$440,508.96*
Fairview Trucking Inc.	\$541,212.60
Wilson Contracting	\$547,637.04
Elirpa Construction & Materials Ltd.	\$547,637.04
Dunlop Construction	\$598,654.08
VBN Paving Ltd.	\$793,544.83

* Total price inclusive of HST and for seven (7) years.

Note: In comparison to the average grader contractual pricing, the quoted hourly rate under this contract is 1% lower.

PRICE ANALYSIS:

The following is an overview of the low bidder's seven (7) year award amount for the 2 loaders.

Year	Number of Days	Fixed Standby rate /Day	Standby Total for 2 loaders	Hourly rate	Estimated Operating Hours	Operating Total for 2 loaders	Annual Total
2011	31	152.64	\$ 9,463.68	152.63	12	\$ 3,663.12	\$ 13,126.80
2012	137	152.64	\$ 41,823.36	152.63	72	\$ 21,978.72	\$ 63,802.08
2013	136	152.64	\$ 41,518.08	152.63	72	\$ 21,978.72	\$ 63,496.80
2014	136	152.64	\$ 41,518.08	152.63	72	\$ 21,978.72	\$ 63,496.80
2015	136	152.64	\$ 41,518.08	152.63	72	\$ 21,978.72	\$ 63,496.80
2016	137	152.64	\$ 41,823.36	152.63	72	\$ 21,978.72	\$ 63,802.08
2017	136	152.64	\$ 41,518.08	152.63	72	\$ 21,978.72	\$ 63,496.80
2018	90	152.64	\$ 27,475.20	152.63	60	\$ 18,315.60	\$ 45,790.80
			\$ 286,657.92			\$ 153,851.04	\$ 440,508.96

2012 and 2016 include an additional day in standby days for the leap year.

Note: Hourly and standby rates include HST impact. The standby rate was fixed at \$152.64 / day for all bidders and the 2nd lowest bid's hourly rate was \$248.29.

In August 2011, Staff released quotation 170-Q-11 for the same requirements however with a contract term of only three (3) years. Bid 170-Q-11 had a low response with only one bidder providing a quotation. At that time staff analyzed the hourly rate provided and then chose to cancel the quotation. In communication with various suppliers, it was deemed that the standby rate and the contract term of 3 years had affected the bidder response. The scope of work was therefore revised under this quote (194-Q-11) by changing the term of the contract from 3 to 7 years (plus 3 year option to extend) and increasing the standby from \$120.00 per day to \$150.00 per day (excluding HST) based on existing standby rates for tandem axle combination units and as such enabled the Town to reduce the annual cost by 26% compared to the quotation from the one bidder of 170-Q-11.

The existing grader contract will expire in April 2012 and as such staff will monitor the efficiency and effectiveness of these two units against operations of the existing graders and will consider options to renegotiate the grader contract or go out to tender for a combination of graders and loaders fitted with plow and wing.

FINANCIAL CONSIDERATIONS AND TEMPLATE: (external link)

Equipment & Acct	# of Units	2011 Dec Estimated Costs	2011 Dec Budget	2011 Dec Variance*	2012 Estimated Costs	2012 Budget**	2012 Variance
700 504 5301 Graders	2	13,126.80	-	(13,126.80)	63,802.08	63,802.08	-

*The 2011 budget shortfall will be offset by favourable variances in other operating budget accounts. The 2012 budget (pending Council approval) includes the cost increase for this contract.

**Subject to Council approval of the 2012 operating budgets.

Note: The 2013 – 2018 Operating Budgets will be adjusted annually for price escalation on the hourly rates based on Consumer Price Index (CPI) (Canada all-items CPI September to September) with such increases effective November 1 of each year.

HUMAN RESOURCES CONSIDERATIONS

N/A


ALIGNMENT WITH STRATEGIC PRIORITIES:

Award of this contract aligns with the Town's strategic focus on Municipal Services. Additional units will provide resources required to meet Council approved winter maintenance standards for snow plowing on our local road network

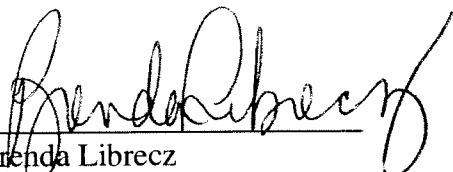
BUSINESS UNITS CONSULTED AND AFFECTED:

None

RECOMMENDED BY:



Paul Ingham
Director, Operations



Brenda Librecz
Commissioner of Community & Fire Services