



STAFF REPORT INFORMATION ONLY

Assignment for Completion of a Contract

Contract No. 02D4-143TW, Tender Call No. 357-2002: Winter Maintenance on City of Toronto Local Roads, Winter Services of Hired Graders, Loaders and Driveway Windrow Clearing Equipment – North West Quadrant, District Four, during the 2003/2004, 2004/2005, 2005/2006, 2006/2007, 2007/2008 Winter Seasons (5 years.)

Date:	January 19, 2007
To:	General Government Committee
From:	General Manager, Transportation Services Director, Purchasing and Materials Management
Wards:	Wards 37, 38, 39, 40 and 41
Reference Number:	P:\2007\Cluster B\TRA\Scarborough\gg07019

SUMMARY

This report advises the General Government Committee of a change in the company that will perform and complete the remaining work for the referenced contract which had previously been awarded to Metropolitan Paving and Concrete Ltd. (“Metropolitan”).

The report also advises the General Government Committee of the Division Head’s use of Emergency Sole Source Purchasing pursuant to 195-9C of the Municipal Code, Purchasing, “where the dollar amount of any commitment entered into under 195-9B is not within the maximum dollar amount of any commitment authority delegated to staff under the provisions of the Financial Control By-law, the Chief Purchasing Official and the Chief Administrative Officer or department head shall report jointly to Council through the General Government Committee at the earliest opportunity after entering into the commitment.”

The unexpected default of the winter maintenance contract by “Metropolitan” a few days after the start date on December 1, 2006 required immediate action by City staff to ensure that an alternate contractor was in place to supply labour and equipment for winter operations. The remaining years of work in the existing winter maintenance contract have been assigned to a qualified company, IPURC Investments Inc. (“IPURC”). Transportation Services is satisfied that the company, “IPURC” is familiar with the scope

of work and is capable of supplying the required experience, labour and equipment for winter maintenance on City of Toronto roads in the Scarborough District.

Financial Impact

At its meeting of June 24, 25 and 26, 2003, City Council approved Contract No. 02D4-143TW. All funds required for the completion of this multi-year contract covering the 2003/2004, 2004/2005, 2005/2006, 2006/2007, 2007/2008 Winter Seasons were approved and there is no financial impact to complete the remaining two (2) years for the above contract.

“Metropolitan” had completed three years of the five-year winter maintenance contract. The remaining two years of the contract (beginning January 1, 2007) has a completion value of \$1,501,560.56 which includes all taxes, charges and estimated Adjusting Index escalation.

Year	Index Increase	Year Total (Adjusted)	6% GST	Total Value
January 1, 2007 - March 31, 2007	1.14858	\$ 641,460.34	\$ 38,487.62	\$ 679,947.96
December 1, 2007 - March 31, 2008	*1.186807	\$ 775,106.23	\$ 46,506.37	\$ 821,612.60
Estimated Escalated Price (2-Year Total)		\$ 1,527,835.27	\$ 91,670.11	\$1,501,560.56

* Estimated Adjusting Index

Contract Number 02D4-143TW required immediate acquisition of a contractor to complete the remaining two years of work related to winter maintenance. One (1) qualified contractor already performing similar type of work for the City of Toronto, as a sub-contractor to “Metropolitan” on the subject contract, agreed to provide labour and equipment in the area affected by the defaulting contractor. The assignee “IPURC” has agreed to provide labour and equipment, as required, at the same terms, conditions and unit prices as the original contract, based on the remaining two-year commitment.

ISSUE BACKGROUND

On December 8, 2006 as per General Conditions, Section GC4.06, “Metropolitan” entered into default of Winter Maintenance Contract No. 02D4-143TW and advised the City that it expected to be unable to further perform its obligations for the specified winter maintenance contract in the Scarborough District.

As the initiation of operations for the 2006/2007 winter season was imminent and started according to schedule on December 1, 2006, the immediate concerns were to ensure that appropriate labour and equipment would be available for the start of winter operations.

Transportation Services Division Head had determined the immediate need for this winter maintenance contract to be in place and operating for the continuance of essential City services, and the need to avoid unnecessary, potential liability claims against the City for not providing Council approved levels of winter service in the Scarborough District. Therefore, the City of Toronto entered into an agreement on an emergency sole source basis with a replacement assignee contractor “IPURC” who has the experience, labour and equipment to perform the work.

Consultation with staff from Legal Services and Risk Management helped to ensure the assignee contractor was advised of and complied with the requisite documentation and financial security provisions to undertake the work. Accordingly, the reassignment of the contract for the remaining two years of work at a value of \$1,501,560.56 was awarded to “IPURC” effective January 1, 2007. The actual commencement date of work was January 3, 2007.

COMMENTS

The Transportation Services Division, in consultation with the Deputy City Manager and Chief Financial Officer, the City Solicitor and Purchasing and Materials Management Division recommended the assignment of this winter maintenance contract to the accepted company.

The Fair Wage and Labour Trades Office has reported that the recommended firm has indicated that they have reviewed and understand the Fair Wage Policy and Labour Trades requirements and have agreed to comply fully. The Risk Management Office has indicated they reviewed and approved the Insurance Coverage and Performance Bond which form part of the agreement with IPURC Investments Inc.

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SIGNATURE

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