



## STAFF REPORT ACTION REQUIRED

### **CONTRACT AWARDS - Requests for Quotation 6619-08-3164 to 6619-08-3168 (inclusive) for the Supply and Delivery of Bulk, Coarse, Crushed Rock Salt Treated with Non-Caking Agent during the 2008-2009, 2009-2010, 2010-2011 Winter Seasons.**

<b>Date:</b>	August 22, 2008
<b>To:</b>	Public Works and Infrastructure Committee
<b>From:</b>	General Manager, Transportation Services Acting Director, Purchasing and Materials Management
<b>Wards:</b>	All
<b>Reference Number:</b>	P:/2008/Internal Services/pmmd/pw08015pmmd (AFS 8389)

### **SUMMARY**

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The purpose of this report is to advise on the results of the Requests for Quotation (RFQ) 6619-08-3164, 6619-08-3165, 6619-08-3166, 6619-08-3167 and 6619-08-3168 for the Supply and Delivery of Bulk, Coarse, Crushed Rock Salt Treated With Non-Caking Agent, for the 2008-2009, 2009-2010 and 2010-2011 [three (3) winter seasons], in accordance with specifications as required by Toronto Transportation Services, and to request authority to award contracts to the recommended bidders.

## **RECOMMENDATIONS**

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**The General Manager of Transportation Services and the Acting Director of Purchasing and Materials Management Division recommend that the Public Works and Infrastructure Committee:**

1. Request for Quotation 6619-08-3164  
Grant authority to award a contract for Supply and Delivery of Bulk, Coarse, Crushed Rock Salt Treated With Non-Caking Agent, within Toronto and East York District Area 1, for the 2008-2009, 2009-2010 and 2010-2011, [three (3) winter seasons], to The Canadian Salt Company Limited, being the lowest bidder meeting specifications. The potential cost in the first winter season from October 15, 2008 to April 30, 2009 is in the amount of \$2,451,871.35 net of GST, the potential cost in the second winter season from October 15, 2009 to April 30, 2010 is in the amount of \$2,622,406.05 net of GST and the potential cost in the third winter season from October 15, 2010 to April 30, 2011 is in the amount of \$2,792,940.75 net of GST. The total potential contract award identified in this report is \$7,867,218.15 net of GST.
2. Request for Quotation 6619-08-3165  
Grant authority to award a contract for Supply and Delivery of Bulk, Coarse, Crushed Rock Salt Treated With Non-Caking Agent, within Toronto and East York District Area 2, for the 2008-2009, 2009-2010 and 2010-2011, [three (3) winter seasons], to The Canadian Salt Company Limited, being the lowest bidder meeting specifications. The potential cost in the first winter season from October 15, 2008 to April 30, 2009 is in the amount of \$1,902,150.00 net of GST, the potential cost in the second winter season from October 15, 2009 to April 30, 2010 is in the amount of \$2,034,450.00 net of GST and the potential cost in the third winter season from October 15, 2010 to April 30, 2011 is in the amount of \$2,166,750.00 net of GST. The total potential contract award identified in this report is \$6,103,350.00 net of GST.
3. Request for Quotation 6619-08-3166  
Grant authority to award a contract for Supply and Delivery of Bulk, Coarse, Crushed Rock Salt Treated With Non-Caking Agent, within Etobicoke York District, for the 2008-2009, 2009-2010 and 2010-2011, [three (3) winter seasons], to Sifto Canada Corp., being the lowest bidder meeting specifications. The potential cost in the first winter season from October 15, 2008 to April 30, 2009 is in the amount of \$2,539,244.70 net of GST, the potential cost in the second winter season from October 15, 2009 to April 30, 2010 is in the amount of \$2,690,018.10 net of GST and the potential cost in the third winter season from October 15, 2010 to April 30, 2011 is in the amount of \$2,848,146.30 net of GST. The total potential contract award identified in this report is \$8,077,409.10 net of GST.

4. Request for Quotation 6619-08-3167  
Grant authority to award a contract for Supply and Delivery of Bulk, Coarse, Crushed Rock Salt Treated With Non-Caking Agent, within North York District, for the 2008-2009, 2009-2010 and 2010-2011, [three (3) winter seasons], to The Canadian Salt Company Limited, being the lowest bidder meeting specifications. The potential cost in the first winter season from October 15, 2008 to April 30, 2009 is in the amount of \$3,488,626.80 net of GST, the potential cost in the second winter season from October 15, 2009 to April 30, 2010 is in the amount of \$3,728,883.60 net of GST and the potential cost in the third winter season from October 15, 2010 to April 30, 2011 is in the amount of \$3,954,430.80 net of GST. The total potential contract award identified in this report is \$11,171,941.20 net of GST.
  
5. Request for Quotation 6619-08-3168  
Grant authority to award a contract for Supply and Delivery of Bulk, Coarse, Crushed Rock Salt Treated With Non-Caking Agent, within Scarborough District, for the 2008-2009, 2009-2010 and 2010-2011, [three (3) winter seasons], to Sifto Canada Corp., being the lowest bidder meeting specifications. The potential cost in the first winter season from October 15, 2008 to April 30, 2009 is in the amount of \$3,555,090.00 net of GST, the potential cost in the second winter season from October 15, 2009 to April 30, 2010 is in the amount of \$3,766,500.00 net of GST and the potential cost in the third winter season from October 15, 2010 to April 30, 2011 is in the amount of \$3,990,060.00 net of GST. The total potential contract award identified in this report is \$11,311,650.00 net of GST.

The total potential cost to the City of five contract awards is \$44,531,568.45 net of GST.

## **Financial Impact**

The total potential cost of the five contract awards over the three winter seasons is \$46,593,215.14 including all charges and applicable taxes. The total potential cost to the City is \$44,531,568.45 net of GST. Funds needed between October 15 to December 31, 2008 will be provided in the Transportation Services Division's 2008 Operating Budget in the amount of \$4,903,568.97 net of GST from various operating accounts as noted in the table below. As a result of approval of the five contracts, there is a potential to overspend the Winter Stabilization Reserve in the amount of approximately \$7 million in 2008. Part of this potential overage may be absorbed within the overall Transportation Services 2008 Operating Budget. The General Manager of Transportation and the Deputy City Manager and Chief Financial Officer will continue to monitor the overall variances on a quarterly basis and will report back to Public Works and Infrastructure Committee following the third quarter variance report, if necessary, on any additional required funding.

The remaining first winter's funding need between January 1 and April 30, 2009 in the amount of \$9,033,413.88, along with the first part of the second winter's cost, will be submitted for approval in the 2009 budget submission. The budget for the first winter season requirement is \$13,936,982.85 net of GST.

<b>Operating Budget Funding Details – First Winter Season 2008/2009 net of GST</b>					
<b>RFQ #</b>	<b>District</b>	<b>Operating Account</b>	<b>Oct. 15-Dec. 31 2008</b>	<b>Jan. 1-Apr. 30 2009</b>	<b>Total</b>
6619-08-3164	Toronto & East York Area 1	TP0108	\$625,807.35	\$1,826,064.00	\$2,451,871.35
6619-08-3165	Toronto & East York Area 2	TP0120	\$760,860.00	\$1,141,290.00	\$1,902,150.00
6619-08-3166	Etobicoke York	TP0161	\$1,015,697.88	\$1,523,546.82	\$2,539,244.70
6619-08-3167	North York	TP0189	\$1,363,574.94	\$2,125,051.86	\$3,488,626.80
6619-08-3168	Scarborough	TP0216	\$1,137,628.80	\$2,417,461.20	\$3,555,090.00
Total – 1st Winter Season			\$4,903,568.97	\$9,033,413.88	\$13,936,982.85

<b>Operating Budget Funding Details – Second Winter Season 2009/2010 net of GST</b>					
<b>RFQ #</b>	<b>District</b>	<b>Operating Account</b>	<b>Oct. 15-Dec. 31 2009</b>	<b>Jan. 1-Apr. 30 2010</b>	<b>Total</b>
6619-08-3164	Toronto & East York Area 1	TP0108	\$994,846.05	\$1,627,560.00	\$2,622,406.05
6619-08-3165	Toronto & East York Area 2	TP0120	\$813,780.00	\$1,220,670.00	\$2,034,450.00
6619-08-3166	Etobicoke York	TP0161	\$1,076,007.24	\$1,614,010.86	\$2,690,018.10
6619-08-3167	North York	TP0189	\$1,457,482.42	\$2,271,401.18	\$3,728,883.60
6619-08-3168	Scarborough	TP0216	\$1,205,280.00	\$2,561,220.00	\$3,766,500.00
Total – 2nd Winter Season			\$5,547,395.71	\$9,294,862.04	\$14,842,257.75

<b>Operating Budget Funding Details – Third Winter Season 2010/2011 net of GST</b>					
<b>RFQ #</b>	<b>District</b>	<b>Operating Account</b>	<b>Oct. 15-Dec. 31 2010</b>	<b>Jan. 1-Apr. 30 2011</b>	<b>Total</b>
6619-08-3164	Toronto & East York Area 1	TP0108	\$1,059,540.75	\$1,733,400.00	\$2,792,940.75
6619-08-3165	Toronto & East York Area 2	TP0120	\$866,710.80	\$1,300,039.20	\$2,166,750.00
6619-08-3166	Etobicoke York	TP0161	\$1,139,258.52	\$1,708,887.78	\$2,848,146.30
6619-08-3167	North York	TP0189	\$1,545,640.47	\$2,408,790.33	\$3,954,430.80
6619-08-3168	Scarborough	TP0216	\$1,276,819.20	\$2,713,240.80	\$3,990,060.00
Total – 3rd Winter Season			\$5,887,969.74	\$9,864,358.11	\$15,752,327.85

Future funding will be requested in subsequent annual Transportation Services Operating Budget submissions for the required portions of the contract period.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **ISSUE BACKGROUND**

Request for Quotation 6619-08-3164 was advertised by the Purchasing and Materials Management Division on July 11, 2008 on the City’s Internet Website. The Purchasing and Materials Management Division at its Public Opening held on August 8, 2008, opened two (2) bids received for the Supply and Delivery of Bulk, Coarse, Crushed Rock Salt Treated With Non-Caking Agent, within Toronto East York District Area 1, for the 2008-2009, 2009-2010 and 2010-2011 [three (3) winter seasons].

The following is the summary of bids received for Request for Quotation 6619-08-3164.

<b>Bidder</b>	<b>Winter 2008/2009 (net of GST)</b>
The Canadian Salt Company Limited	\$2,451,871.35
Sifto Canada Corp.	\$2,853,846.00

<b>Bidder</b>	<b>Winter 2009/2010 (net of GST)</b>
The Canadian Salt Company Limited	\$2,622,406.05
Sifto Canada Corp.	\$3,022,640.55

<b>Bidder</b>	<b>Winter 2010/2011 (net of GST)</b>
The Canadian Salt Company Limited	\$2,792,940.75
Sifto Canada Corp.	\$3,201,876.00

Request for Quotation 6619-08-3165 was advertised by the Purchasing and Materials Management Division on July 11, 2008 on the City's Internet Website. The Purchasing and Materials Management Division at its Public Opening held on August 8, 2008, opened two (2) bids received for the Supply and Delivery of Bulk, Coarse, Crushed Rock Salt Treated With Non-Caking Agent, within Toronto East York District Area 2, for the 2008-2009, 2009-2010 and 2010-2011 [three (3) winter seasons].

The following is the summary of bids received for Request for Quotation 6619-08-3165.

<b>Bidder</b>	<b>Winter 2008/2009 (net of GST)</b>
The Canadian Salt Company Limited	\$1,902,150.00
Sifto Canada Corp.	\$2,214,000.00

<b>Bidder</b>	<b>Winter 2009/2010 (net of GST)</b>
The Canadian Salt Company Limited	\$2,034,450.00
Sifto Canada Corp.	\$2,344,950.00

<b>Bidder</b>	<b>Winter 2010/2011 (net of GST)</b>
The Canadian Salt Company Limited	\$2,166,750.00
Sifto Canada Corp.	\$2,484,000.00

Request for Quotation 6619-08-3166 was advertised by the Purchasing and Materials Management Division on July 11, 2008 on the City's Internet Website. The Purchasing and Materials Management Division at its Public Opening held on August 8, 2008, opened two (2) bids received for the Supply and Delivery of Bulk, Coarse, Crushed Rock Salt Treated With Non-Caking Agent, within Etobicoke York District, for the 2008-2009, 2009-2010 and 2010-2011 [three (3) winter seasons].

The following is the summary of bids received for Request for Quotation 6619-08-3166.

<b>Bidder</b>	<b>Winter 2008/2009 (net of GST)</b>
Sifto Canada Corp.	\$2,539,244.70
The Canadian Salt Company Limited	\$2,816,520.66

<b>Bidder</b>	<b>Winter 2009/2010 (net of GST)</b>
Sifto Canada Corp.	\$2,690,018.10
The Canadian Salt Company Limited	\$2,996,713.26

<b>Bidder</b>	<b>Winter 2010/2011 (net of GST)</b>
Sifto Canada Corp.	\$2,848,146.30
The Canadian Salt Company Limited	\$3,176,905.86

Request for Quotation 6619-08-3167 was advertised by the Purchasing and Materials Management Division on July 11, 2008 on the City's Internet Website. The Purchasing and Materials Management Division at its Public Opening held on August 8, 2008, opened two (2) bids received for the Supply and Delivery of Bulk, Coarse, Crushed Rock Salt Treated With Non-Caking Agent, within North York District, for the 2008-2009, 2009-2010 and 2010-2011 [three (3) winter seasons].

The following is the summary of bids received for Request for Quotation 6619-08-3167.

<b>Bidder</b>	<b>Winter 2008/2009 (net of GST)</b>
The Canadian Salt Company Limited	\$3,488,626.80
Sifto Canada Corp.	\$4,020,624.00

<b>Bidder</b>	<b>Winter 2009/2010 (net of GST)</b>
The Canadian Salt Company Limited	\$3,728,883.60
Sifto Canada Corp.	\$4,258,429.20

<b>Bidder</b>	<b>Winter 2010/2011 (net of GST)</b>
The Canadian Salt Company Limited	\$3,954,430.80
Sifto Canada Corp.	\$4,510,944.00

Request for Quotation 6619-08-3168 was advertised by the Purchasing and Materials Management Division on July 11, 2008 on the City's Internet Website. The Purchasing and Materials Management Division at its Public Opening held on August 8, 2008, opened two (2) bids received for the Supply and Delivery of Bulk, Coarse, Crushed Rock Salt Treated With Non-Caking Agent, within Scarborough District, for the 2008-2009, 2009-2010 and 2010-2011 [three (3) winter seasons].

The following is the summary of bids received for Request for Quotation 6619-08-3168.

<b>Bidder</b>	<b>Winter 2008/2009 (net of GST)</b>
Sifto Canada Corp.	\$3,555,090.00
The Canadian Salt Company Limited	\$3,722,274.00

<b>Bidder</b>	<b>Winter 2009/2010 (net of GST)</b>
Sifto Canada Corp.	\$3,766,500.00
The Canadian Salt Company Limited	\$3,960,414.00

<b>Bidder</b>	<b>Winter 2010/2011 (net of GST)</b>
Sifto Canada Corp.	\$3,990,060.00
The Canadian Salt Company Limited	\$4,198,554.00

## COMMENTS

The Quotation documentation submitted by the recommended bidders have been reviewed by the General Manager of Transportation Services and were found to be in conformance with the Request for Quotation requirements.

Transportation Services staff have compared the low bid for each depot to the estimated cost and found the prices of the recommended bidders to be reasonable and within the budget available.

A comparison of this year's price (2008/2009) against the pricing received last year (2007/2008) is as follows:

<b>Location</b>	<b>2007/2008 Price per Tonne Excluding all Taxes</b>	<b>2008/2009 Price per Tonne Excluding all Taxes</b>	<b>Price Difference Per Tonne</b>	<b>Percentage Difference</b>
Toronto & East York District Area 1	\$ 61.04	\$ 70.45	+ \$ 9.41	+ 15.42%
Toronto & East York District Area 2	\$ 61.04	\$ 70.45	+ \$ 9.41	+ 15.42%
Etobicoke York District	\$ 65.04	\$ 69.05	+ \$ 4.01	+ 6.17%
North York District	\$ 61.04	\$ 71.15	+ \$10.11	+ 16.56%
Scarborough District	\$ 65.04	\$ 73.15	+ \$ 8.11	+ 12.47%
Average Price Comparison	\$ 62.64	\$ 70.85	+ \$ 8.21	+ 13.10%

The price from 2007/2008 to 2008/2009 has increased by an average of approximately 13.1%. This is due to the increase in the cost of fuel/delivery and labour.



The Fair Wage Office has reported that the recommended firms have indicated that they have reviewed and understand the Fair Wage Policy and Labour Trades requirements and have agreed to comply fully.

## CONTACTS

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## SIGNATURE

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