



## STAFF REPORT INFORMATION ONLY

### Report on Over-Expenditure to Contract 47007211, Tender Call 285-2002, and Contract 47007310, Tender Call 298-2002, Related to Winter Maintenance in the Etobicoke York District and the Toronto and East York District

<b>Date:</b>	August 20, 2008
<b>To:</b>	Public Works and Infrastructure Committee
<b>From:</b>	General Manager, Transportation Services Acting Director, Purchasing and Materials Management Division
<b>Wards:</b>	1 to 7, 11 to 13 and 27 to 32
<b>Reference Number:</b>	P:\2008\Internal Services\pmmmd\pw08013pmmmd (AFS 8341)

#### SUMMARY

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The purpose of this report is to advise on the over expenditures against Contract 47007211, Tender Call 285-2002 for Winter Maintenance on Arterial Roads and Expressways, Salting, Snow Ploughing and Snow Removal in the Etobicoke York District and for 47007310, Tender Call 298-2002 for Winter Maintenance on Major, Minor Arterial and Local Roads, Salting, Snow Ploughing and Snow Removal in the Toronto & East York District.

#### FINANCIAL IMPACT

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The increased amount in the purchase order amendment for Winter Maintenance on Arterial Roads and Expressways, Salting, Snow Ploughing and Snow Removal covered under Contract 47007211 to the end of the contract term on March 31, 2008 is \$686,230.48 net of GST.

The increased amount in the purchase order amendment for Winter Maintenance on Major, Minor Arterial and Local Roads, Salting, Snow Ploughing and Snow Removal covered under Contract 47007310 to the end of the contract term on March 31, 2008 is \$596,633.91 net of GST

The total combined value of the contract value increases to Contracts 47007211 and 47007310 is \$1,282,864.39 net of GST (\$1,347,007.61 including all applicable taxes).

Funding for the increase in spending for Contract 47007310 is available in the 2008 Transportation Services Operating Budget under Cost Centre TP0161, cost element 4487. Funding for the increase in spending for Contract 47007211 is available in the 2008 Transportation Services Operating Budget under Cost Centre TP0108, cost element 4487.

As a result of approval of these amendments, 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 Approved 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 following the third quarter variance report, if necessary, on any additional required funding.

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

## **DECISION HISTORY**

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### Contract No. 47007211 – J.K. Beamish Construction Ltd.

The report found at <http://www.toronto.ca/legdocs/2002/agendas/council/cc021126/wks12rpt/cl017.pdf> provided the approval for the issuance of this contract, also known as 02D1-155TR, under Tender Call No. 285-2002 to J.K. Beamish Construction Ltd. for winter maintenance on arterial roads and expressways, salting, snow ploughing and snow removal in the Toronto & East York District, Area 1 for a five-year period from December 1, 2003 to March 31, 2008.

### Contract No. 47007310 – Carillion Construction Canada

The report found at <http://www.toronto.ca/legdocs/2002/agendas/council/cc021126/wks12rpt/cl021.pdf> provided the approval for the issuance of this contract, also known as 03D2-129TW, under Tender Call No. 298-2002 to Carillion Construction Canada for winter maintenance on major, minor arterial and local roads, salting, snow ploughing and snow removal operations in the Etobicoke York District, for a five-year period from December 1, 2003 to March 31, 2008.

## **ISSUE BACKGROUND**

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City Council, at its meeting of May 11 and 12, 1999, in considering Clause 1 of Report 6 of the Urban Environment and Development Committee, entitled “Snow Management Plan”, enacted a series of policies and service standards for winter maintenance. Among the matters dealt with was snow removal, which in accordance with the policy, is to be considered for problematic areas at accumulations of greater than 30 cm. In order to be prepared for such an eventuality, contracts are issued annually for the supply of a fleet of dump trucks, if needed, to provide for the haulage of snow. In addition, the existing contractors which provide snow clearing services on City streets also make provisions for crews to be assembled to assist with snow removal activities.

## **COMMENTS**

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Snow removal (loading excessively large windrows of ploughed snow from streets into trucks by means of snow blower or loader bucket equipment and hauling to dump areas) has not historically been an annual occurrence. However, since the extreme snow storms of 1999, contingencies were made to be prepared for dealing with such severe winter weather. Fleets of dump trucks are secured through contracts in the event they need to be deployed for snow removal. Each year very limited snow removal operations are routinely activated in extremely confined areas (e.g. Kensington Market) and the value of the contracts are set with this level of use in mind. Every few years, more extensive snow removal is necessary and these trucks would have to be engaged for longer durations. During the winter of 2003/2004, a similar condition arose, where the planned provision for snow removal activities was not sufficient to deal with the volume of actual snow removal that was required.

During this past winter, on a number of occasions in December, February and March, snow removal on a more wide-scale basis was initiated in the wake of major storms that left in excess of 30 cm of snow accumulation in some areas with blowing and drifting conditions making matters even worse. Of particular note, in February 2008, a city-wide snow removal operation was launched starting on February 15, and it ran continuously on a 24-hour basis for 11 days. These aggressive snow removal operations are initiated due to the windrows that are created from road and sidewalk ploughing, clearing of transit stops, corners, etc., resulting in many locations becoming close to impassable. To ensure that routes remained passable for transit and emergency vehicles and for the large volumes of commuter and business traffic on major economic thoroughfares, and for pedestrians, these activities became essential for the basic operation of the transportation network serving the City. Most often snow removal was focussed on streetcar and main bus routes, commercial areas, bike lanes, school zones and dead end and local streets where the lack of storage space and street parking made these locations extremely tight.

The impact of the above is that certain winter maintenance contracts experienced over expenditures due to the extremely high volume of snowfall and resultant higher than normal snow removal activities which ensued. Two such contracts were:

Contract 47007211

Increase the value of Contract 47007211 for winter maintenance on arterial roads and expressways, salting, snow ploughing and snow removal in the Toronto & East York District, Area 1 for a five-year period from December 1, 2003 to March 31, 2008 by a total estimated amount of \$686,230.48 excluding G.S.T. from \$12,543,467.55 to \$13,229,698.03.

Contract 47007310

Increase the value of Contract 47007310 for winter maintenance on major, minor arterial and local roads, salting, snow ploughing and snow removal operations in the Etobicoke York District, for a five-year period from December 1, 2003 to March 31, 2008 by a total estimated amount of \$596,633.91 excluding G.S.T. from \$15,824,206.40 to \$16,420,840.31.

All work under these contracts has now been completed. The subject amendments are required to document final payment for work conducted under these contracts. It should also be noted that all additional expenditures are based upon the current terms, conditions and unit rates as in the respective contracts noted in this report.

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**SIGNATURE**

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