



STAFF REPORT ACTION REQUIRED

Proposal to Join the Locate Alliance Consortium and to Procure a Common Locate Service Provider – Toronto Water and Transportation Services

Date:	June 1, 2015
To:	Public Works and Infrastructure Committee
From:	General Manager, Toronto Water General Manager, Transportation Services Director, Purchasing and Materials Management
Wards:	City-wide
Reference Number:	P:\2015\Clusber B\TW\PWI15012

SUMMARY

The purpose of this report is to request authorization for the City to enroll as a member of the Locate Alliance Consortium (LAC) and for the General Managers of Toronto Water and Transportation Services to negotiate and, where such negotiations are successful, enter into an agreement, in a form satisfactory to the City Solicitor, for a common locate service provider through the LAC’s Request for Proposals process.

Other major utilities operating in the Greater Toronto Area have realized significant efficiencies and timeliness improvements by taking a consortium approach to selecting a common service provider for all their locate needs. By utilizing a common locate provider model Toronto Water and Transportation Services will be contributing to minimizing traffic incursions on major roads to locate and identify underground utilities prior to construction and achieve significant cost savings.

RECOMMENDATIONS

The General Manager, Toronto Water, General Manager, Transportation Services and Director, Purchasing and Materials Management Division, recommend that:

1. City Council authorize the General Managers of Toronto Water and Transportation Services to take such actions as they deem appropriate to enroll the City as a member of the Locate Alliance Consortium (“LAC”) and that the respective General Managers or their designate(s) represent the City for such purposes at any meetings of LAC.

2. City Council authorize and direct the General Managers of Toronto Water and Transportation Services to negotiate with and, where such negotiations are successful, enter into and execute a locate service provider agreement with the current LAC preferred locate services proponent for Toronto, presently identified as QX locates, as the common locate service provider for these divisions for a period until January 31, 2018 and with a total contract value of \$6,838,000 net of HST (\$6,958,348.80 net of HST Recoveries), on such terms and conditions as the respective General Managers consider appropriate, including any renewal or extension thereof, and in a form acceptable to the City Solicitor.

Financial Impact

This report identifies a total contract value of \$6,838,000.00 net of HST (\$6,958,348.80 net of HST recoveries) for the locate services. Table 1 below sets out the maximum contract amounts for the duration until January 31, 2018.

Funding in the amount of \$1,140,000.00) net of HST (\$1,160,064.00 net of HST Recoveries) is included in Toronto Water and Transportation Services Approved 2015 Operating Budget and Capital Budget. The funding for 2016, 2017 and 2018 will be included in Toronto Water and Transportation Services capital budgets and/or operating.

Table 1 - Annual Estimated Funding Details (net of HST):

Accounts	2015	2016	2017	2018	Total
Toronto Water Capital CPW 545-02	\$166,667.00	\$400,000.00	\$400,000.00	\$33,000.00	\$999,667.00
Toronto Water Operating TW2045	\$333,333.00	\$800,000.00	\$800,000.00	\$67,000.00	\$2,000,333.00
Transportation Operating TP 0252 GL 4486	\$640,000.00	\$1,536,000.00	\$1,534,000.00	\$128,000.00	\$3,838,000.00
Total	\$1,140,000.00	\$2,736,000.00	\$2,734,000.00	\$228,000.00	\$6,838,000.00

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

DECISION HISTORY

On February 10 and 11, 2015, City Council adopted the December 16, 2014 report from the Executive Director, Engineering and Construction Services [PW1.3 Staff Report](#) which included a number of recommendations to reduce traffic congestion as a result of City-led water, sewer and road construction projects.

Recommendation 5.c. adopted in the report stated: "City Council direct staff to communicate to the Province of Ontario a request to mandate that utility companies operating in the City of Toronto form a Locate Alliance Consortia wherein a common service provider would be engaged to provide utility locates on behalf of all member utility companies."

ISSUE BACKGROUND

In June 2012, the Province of Ontario enacted the *Ontario Underground Infrastructure Notification System Act, 2012* (the "Act"), deeming any person or entity that owns or operates underground infrastructure in the province of Ontario to be a member of the provincially regulated Ontario One Call corporation and subject to certain obligations to provide information and the location of its underground infrastructure.

Ontario One Call provides information to excavators about the location of underground infrastructure. When a member of Ontario One Call receives information about a proposed excavation or dig, the Act requires the member to mark the location of its underground infrastructure that may be affected by the excavation or dig, or indicate that its underground infrastructure will not be affected by the excavation or dig. The Act also requires excavators to obtain information respecting underground infrastructure before beginning an excavation or dig. The Act creates offences for failure to comply with the Act or regulations made under it.

The demand created by the new Act for multiple locate services at a construction site has resulted in delays in construction due to the piecemeal manner in which locates are provided with many underground infrastructure owners and/or operators providing separate locates. As noted in the December 16, 2014 report, construction projects within the City's road right-of-ways have experienced considerable delays.

In 2014, Toronto Water received over 65,000 locate requests from Ontario One Call, however, through front-end filtering and analysis Toronto Water was able to reduce the number of requests for locates to approximately 21,000. Transportation Services received over 12,774 locate requests from Ontario One Call in 2014. Since January 1, 2015, Transportation Services has received 10,104 locate requests.

Currently, Toronto Water and Transportation Services utilize different service providers to perform locates. As a result, where both divisions have underground infrastructure within the same construction site, it is necessary for two locate service providers to attend. Coordination of these locate services through a common provider would create

efficiencies and assist in expediting construction and traffic incursions to identify buried assets can be minimized.

The current LAC contract is for three years expiring on January 31, 2018. The estimated cost for Toronto Water over the balance of the LAC contract is \$3,000,000. The savings for Toronto Water over those three years at 2014 prices would be \$70,000 per annum. The estimated cost for Transportation Services over the balance of the LAC contract is \$3,838,000 the savings over those three years at 2014 prices would be \$3,700,000 per annum.

COMMENTS

On December 31, 2014, the existing locate service provider agreement that Toronto Water had with Promark – Telecom Inc. for its locate services expired. On January 1, 2015, Toronto Water entered into a non-competitive bridge Blanket Contract (47018927) agreement with QX Locates to provide locate services on a short-term basis pending consideration of the City becoming a member of Locate Alliance Consortium (LAC). The initial bridge contract has been extended until July 31, 2015 with a total target value of \$700,000.00 net of HST.

Transportation Services' Traffic Management Centre relies upon Guild Electric Ltd. to complete locates through its Electrical Maintenance Contract.

Toronto Water and Transportation Services are proposing that the City become a member of the LAC and that the respective General Managers of these divisions be authorized to negotiate with and, where such negotiations are successful, enter into a locate service provider agreement with the preferred proponent, QX Locates, as the common locate service provider for these divisions on such terms and conditions as the respective General Managers consider appropriate, including any renewal or extension thereof, and in a form acceptable to the City Solicitor.

By utilizing a common locate service provider and coordinating the services, efficiencies, timeliness and cost savings can be achieved. Another major benefit of a coordinated approach is that a common locate service provider representing consortium members may be able to provide all necessary locates in one attendance rather than construction having to wait until individual locate providers for each utility have attended.

The efficiencies, timeliness and the economies of scale resulting from coordination of locate services within a consortium of underground infrastructure owners and operators would reduce the overall cost of a locate as well as construction costs arising from delays for the City.

Locate Alliance Consortium (LAC)

LAC consists of facility owners including Toronto Hydro, Cardinal Power of Canada LP, Hydro Ottawa, London Hydro, Oshawa PUC Networks, PowerStream, Bell Canada, Enbridge Gas Distribution, Union Gas Limited a Spectra Energy Company, Westario

Power, Whitby Hydro and Veridian Connections. The LAC is open to any facility owner within the province of Ontario.

The following are the key objectives of the LAC.

- 1) To improve public and employee safety
- 2) To reduce plant damages
- 3) To improve locate service levels
- 4) To increase efficiencies for locate service providers and facility owners
- 5) To further promote the “One Call – One Locate” strategy

The LAC concept was conceived in 2004 and the facility owners listed above have been working together to standardize terms/conditions to ensure consistent service and quality with regards to locate services.

On June 18, 2014, LAC issued a Request for Proposals (the “RFP”) seeking a single service provider for each geographic area identified in the RFP to provide locate services for LAC members (with the exception of Bell Canada) and to have the services provided in a safe and timely manner.

QX Locates, a division of QX Ltd., (the “Locate Service Provider”) was selected through this competitive process undertaken by LAC as the preferred proponent to provide locate services in the City of Toronto area. The proposed agreement set out in the RFP is based on a three year term beginning February 1, 2015 and ending January 31, 2018, with the ability for a LAC Member to request an extension for a period of 12 months, 24 months or such other period acceptable to the LAC Member.

The performance of the locate services by the Locate Services Provider is governed by the terms and conditions of the Locate Services Agreement, a copy of which was incorporated into the RFP. Toronto Water and Transportation Services have reviewed these terms and conditions and consider them acceptable for the City’s purposes.

Following the identification of the preferred proponent for a geographic area, a LAC Member is to conduct final negotiations with the preferred proponent in respect of the preferred proponent’s proposal and the Locate Services Agreement. If these final negotiations, in the discretion of the LAC Member, are satisfactory, a preferred proponent and the LAC Member enter into the Locate Services Agreement in the form agreed to during the final negotiations.

This proposal would substantially meet the purposes of Recommendation 5.c. of the December 16, 2014 report adopted by Council on February 10 and 11, 2015.

CONTACTS

Paul Clements, Director (Acting)
District Operations
Toronto Water
Tel: (416)-395-6248
pclement@toronto.ca

Myles Currie, Director,
Traffic Management Centre
Transportation Services
Tel: (416)-392-5372
mcurrie@toronto.ca

Richard Rawlinson, Manager Dispatch
Toronto Water
Tel: (416) 395-6353
rrawlins@toronto.ca

James Chandler, Manager
Traffic Management Centre
Transportation Services
Tel: (416) 392-5314
jchandl@toronto.ca

Jacquie Breen
Manager, Corporate Purchasing Policy & Quality Assurance
Purchasing & Materials Management
Tel: (416) 392-0387
E-mail: jbreen@toronto.ca

SIGNATURES

Lou Di Gironomo
General Manager
Toronto Water

Stephen Buckley
General Manager
Transportation Services

Michael Pacholok
Director, Purchasing &
Materials Management Division