



**STAFF REPORT
ACTION REQUIRED**

Results of the Requests for Quotation 6032-14-0189 to 6032-14-0197 (inclusive) for Winter Maintenance on City of Toronto Roads, Salting, Snow Ploughing and Snow Removal for Expressways, Arterial and Collector Roads

Date:	March 19, 2015
To:	Public Works and Infrastructure Committee
From:	Director, Purchasing and Materials Management General Manager, Transportation Services
Wards:	All
Reference Number:	P:\2015\Cluster B\TRA\Scarborough District\pw1532.docx

SUMMARY

The purpose of this report is to advise on the results of the Requests for Quotation (RFQ) 6032-14-0189, 6032-14-0190, 6032-14-0191, 6032-14-0192, 6032-14-0193, 6032-14-0194, 6032-14-0195, 6032-14-0196 and 6032-14-0197 for Winter Maintenance on City of Toronto Roads, Salting, Snow Ploughing and Snow Removal for Expressways, Arterial and Collector Roads for the winter seasons from 2015-2016 to 2021-2022 [seven (7) winter seasons], in accordance with specifications as required by Toronto Transportation Services and service levels as approved by City Council, and to request authority to award the contracts to the recommended bidders.

RECOMMENDATIONS

The General Manager of Transportation Services and the Director of Purchasing and Materials Management Division recommend that:

1. City Council grant authority to award RFQ 6032-14-0189 for Winter Maintenance on City of Toronto Roads, Salting, Snow Ploughing and Snow Removal for Expressways, Arterial and Collector Roads, Depot 1, within Toronto and East York Area 1, for the 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, and 2021-2022 winter seasons to Gazzola Paving Ltd, being the lowest bidder meeting specifications, for a grand total price of \$26,895,932.69 net of HST recoveries, including an estimate of the annual cost adjustments using 3% per year after year 1;
2. City Council grant authority to award RFQ 6032-14-0190 for Winter Maintenance on City of Toronto Roads, Salting, Snow Ploughing and Snow Removal for Expressways, Arterial and Collector Roads, Depot 2, within North York District, for the 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, and 2021-2022 winter seasons to Maple Crete Inc., being the lowest bidder meeting specifications, for a grand total price for the seven winter seasons of \$26,481,924.62 net of HST recoveries including an estimate of the annual cost adjustments using 3% per year after year 1;
3. City Council grant authority to award RFQ 6032-14-0191 for Winter Maintenance on City of Toronto Roads, Salting, Snow Ploughing and Snow Removal for Expressways, Arterial and Collector Roads, Depot 3, within North York District, for the 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, and 2021-2022 winter seasons, to D. Crupi & Sons Limited, being the lowest bidder meeting specifications, for a grand total price for the seven winter seasons of \$24,006,471.45 net of HST recoveries, including an estimate of the annual cost adjustments using 3% per year after year 1;
4. City Council grant authority to award RFQ 6032-14-0192 for Winter Maintenance on City of Toronto Roads, Salting, Snow Ploughing and Snow Removal for Expressways, Arterial and Collector Roads, Depot 4, within Scarborough District, for the 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, and 2021-2022 winter seasons, to D. Crupi & Sons Limited, being the lowest bidder meeting specifications for a grand total price for the seven winter seasons of \$31,243,859.51 net of HST recoveries, including an estimate of the annual cost adjustments using 3% per year after year 1;
5. City Council grant authority to award RFQ 6032-14-0193 for Winter Maintenance on City of Toronto Roads, Salting, Snow Ploughing and Snow Removal for Expressways, Arterial and Collector Roads, Depot 5, within Etobicoke York District, for the 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, and 2021-2022 winter seasons, to Steed & Evans Limited, being the lowest bidder meeting specifications, for a grand total price for the seven winter seasons of \$29,492,066.48 net

- of HST recoveries, including an estimate of the annual cost adjustments using 3% per year after year 1;
6. City Council grant authority to award RFQ 6032-14-0194 for Winter Maintenance on City of Toronto Roads, Salting, Snow Ploughing and Snow Removal for Expressways, Arterial and Collector Roads, Depot 6, within Toronto and East York Area 1, for the 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, and 2021-2022 winter seasons, to K.J. Beamish Construction Co. Ltd being the lowest bidder meeting specifications, for a grand total price for the seven winter seasons of \$28,745,836.30 net of HST recoveries, including an estimate of the annual cost adjustments using 3% per year after year 1;
 7. City Council grant authority to award RFQ 6032-14-0195 for Winter Maintenance on City of Toronto Roads, Salting, Snow Ploughing and Snow Removal for Expressways, Arterial and Collector Roads, Depot 7, within Toronto and East York Area 2, for the 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, and 2021-2022 winter seasons, to A&F Di Carlo Construction, being the lowest bidder meeting specifications for a grand total price for the seven winter seasons of \$26,221,085.42 net of HST recoveries, including an estimate of the annual cost adjustments using 3% per year after year 1;
 8. City Council grant authority to award RFQ 6032-14-0196 for Winter Maintenance on City of Toronto Roads, Salting, Snow Ploughing and Snow Removal for Expressways, Arterial and Collector Roads, Depot 8, within Scarborough District, for the 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, and 2021-2022 winter seasons, to Defina Haulage Ltd., being the lowest bidder meeting specifications for a grand total price for the seven winter seasons of \$32,287,731.86 net of HST recoveries, including an estimate of the annual cost adjustments using 3% per year after year 1; and,
 9. City Council grant authority to award RFQ 6032-14-0197 for Winter Maintenance on City of Toronto Roads, Salting, Snow Ploughing and Snow Removal for Expressways, Arterial and Collector Roads, Depot 9, within Etobicoke York District, for the 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, and 2021-2022 winter seasons, to Carillion Canada Inc., being the lowest bidder meeting specifications for a grand total price for the seven winter seasons of \$28,013,780.87 net of HST recoveries, including an estimate of the annual cost adjustments using 3% per year after year.

FINANCIAL IMPACT

The total cost to the City of Toronto for all nine contract awards (for Depot 1 to Depot 9) for the seven (7) winter seasons (2015-2016 to 2021-2022) is \$253,388,689.20 net of HST recoveries, \$281,376,983.88 including all taxes and charges and \$249,006,180.43 net of all applicable taxes and charges, including an estimate of the annual cost adjustments using 3% per year after Year 1.

The annual cost estimate of 3% growth is consistent with the increase in winter maintenance contract prices over the last 7 years. Funding in the amount of \$14,018,310.03 for the period of October 15 to December 31, 2015 is required, of which \$10,897,921.66 is included in the 2015 Recommended Operating Budget for Transportation Services. The approval of the nine contract awards will commit the City to an additional \$3,120,388.37 in winter maintenance contract costs which are not currently included in Transportation Services' 2015 Operating Budget. The shortfall could be funded from the Winter Maintenance Contribution Reserve Fund XR1411.

The remaining first winter's (2015-2016 season) funding need (\$19,050,523.88) between January 1 and April 15, 2016, along with the first part of the second winter's adjusted cost, will be included in the 2016 Operating Budget Submission. The budget for the first winter season requirement is \$33,068,833.92 net of HST recoveries. The following funding details include the contract cost increase of \$3,120,388.37 which is not part of the 2015 Recommended Operating Budget for Transportation Services.

Operating Budget Funding Details – First Winter Season 2015/2016					
RFQ #	District	Operating Account	Oct. 15, 2015-Dec. 31, 2015 (Net of HST recoveries)	Jan 1, 2016- Apr 15, 2016 (Net of HST recoveries)	Total (Net of HST recoveries)
6032-14-0189	Toronto & East York	TP0108	\$1,487,972.98	\$2,022,117.13	\$3,510,090.11
6032-14-0194	Toronto & East York	TP0108	\$1,590,315.84	\$2,161,198.44	\$3,751,514.28
		Sub-total	\$3,078,288.82	\$4,183,315.57	\$7,261,604.39
6032-14-0195	Toronto & East York	TP0108	\$1,450,638.17	\$1,971,380.08	\$3,422,018.25
		Sub-total	\$1,450,638.17	\$1,971,380.08	\$3,422,018.25
6032-14-0190	North York	TP0189	\$1,465,068.67	\$1,990,990.75	\$3,456,059.42
6032-14-0191	North York	TP0189	\$1,328,118.32	\$1,804,878.74	\$3,132,997.06
		Sub-total	\$2,793,186.99	\$3,795,869.49	\$6,589,056.48
6032-14-0192	Scarborough	TP0216	\$1,728,514.84	\$2,349,007.34	\$4,077,522.18
6032-14-0196	Scarborough	TP0216	\$1,786,265.35	\$2,427,488.81	\$4,213,754.16
		Sub-total	\$3,514,780.19	\$4,776,496.15	\$8,291,276.34
6032-14-0193	Etobicoke York	TP0161	\$1,631,599.79	\$2,217,302.27	\$3,848,902.06
6032-14-0197	Etobicoke York	TP0161	\$1,549,816.08	\$2,106,160.32	\$3,655,976.40
		Sub-total	\$3,181,415.87	\$4,323,462.59	\$7,504,878.46
Total – 1st Winter Season			\$14,018,310.04	\$19,050,523.88	\$33,068,833.92

Estimated Costs – Years 2-7

Year	Estimated Costs (net of HST recoveries)
2016/17	\$34,060,898.93
2017/18	\$35,082,725.90
2018/19	\$36,135,207.67
2019/20	\$37,219,263.90
2020/21	\$38,335,841.82
2021/22	\$39,485,917.07

Total Estimated Costs – Years 1-7 (2015-2016 season to 2021-2022 season)

Years	Estimated Costs (net of HST recoveries)
2015-2016 to 2021-2022	\$253,388,689.21

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.

DECISION HISTORY

Council at its meeting held on December 16, 2013 adopted motions that confirmed the levels of service for roadway de-icing, snow plowing, driveway windrow opening and snow removal that would serve as the basis for the 2015 – 2022 winter maintenance contracts and enabling the General Manager, Transportation Services to issue Requests for Quotations for Winter Maintenance Services for seven (7) year terms covering the period November 2015 to April 2022. Refer to Motions 1, 2, 3 & 4 of Item PW27.15 of the following decision document link at <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.PW27.15>

ISSUE BACKGROUND

All nine (9) Requests for Quotation (RFQs) for Winter Maintenance on City of Toronto Roads, Salting, Snow Ploughing and Snow Removal for Expressways, Arterial and Collector Roads were issued by the Purchasing and Materials Management Division on November 26, 2014 on the City’s Internet Website. A number of addenda were issued for each RFQ. The closing date for all of the RFQs was held on January 30, 2015.

The RFQs were designed so that each bidder could bid on one (1) or all nine (9) of the RFQs. The RFQs all set out that the public opening process would be done by a lottery. The lottery process randomizes which RFQ would be opened first and provides bidders the opportunity to

withdraw from a particular RFQ if they have submitted bids to multiple RFQs. This system is designed to prevent a bidder from being awarded too many contracts and being unable to meet the requirements of all the contracts won. The order that the RFQs were opened was 6032-14-0195, 6032-14-0191, 6032-14-0197, 6032-14-0192, 6032-14-0189, 6032-14-0190, 6032-14-0196, 6032-14-0194 and 6032-14-0193.

The following is the summary of bids received for Request for Quotation 6032-14-0189 Depot 1, within Toronto and East York District Area 1:

Bidder	Winter 2015/2016 (net of all applicable taxes and charges)
Gazzola Paving Ltd.	\$3,449,381.00
K.J. Beamish Construction Ltd.	\$3,637,481.20
Carillion Canada Inc.	\$3,732,108.56
Cruickshank Construction Ltd.	\$4,254,947.59
A&F Di Carlo Construction Inc	withdrew

The following is the summary of bids received for Request for Quotation 6032-14-0190 Depot 2, within North York District:

Bidder	Winter 2015/2016 (net of all applicable taxes and charges)
Maple Crete Inc.	\$3,396,294.81
Cruickshank Construction Ltd.	\$3,643,648.20
Carillion Canada Inc.	\$3,769,367.02
Pave-Tar Construction Ltd.	\$4,067,064.00
Defina Haulage Ltd.	\$4,073,805.62
Fermar Paving Ltd.	\$4,147,500.42
K.J. Beamish Construction Ltd.	\$4,206,050.00
Steed and Evans Ltd.	\$4,485,548.00
D. Crupi & Sons Limited	withdrew
A&F Di Carlo Construction Inc	withdrew

The following is the summary of bids received for Request for Quotation 6032-14-0191 Depot 3, within North York District:

Bidder	Winter 2015/2016 (net of all applicable taxes and charges)
D. Crupi & Sons Ltd	\$3,078,810.00
Cruickshank Construction Ltd.	\$3,422,019.07
Carillion Canada Inc.	\$3,581,425.70
Miller Paving Ltd.	\$3,975,450.00
Todd Brothers Contracting Ltd.	\$4,741,747.68
A&F Di Carlo Construction Inc	withdrew

The following is the summary of bids received for Request for Quotation 6302-14-0192 Depot 4, within Scarborough District:

Bidder	Winter 2015/2016 (net of all applicable taxes and charges)
D. Crupi & Sons Ltd.	\$4,006,999.00
Carillion Canada Inc.	\$4,321,048.43
Cruickshank Construction Ltd.	\$4,651,937.50
Fowler Construction Company	\$4,736,075.00
Miller Paving	\$5,277,722.50
A&F Di Carlo Construction Inc	withdrew

The following is the summary of bids received for Request for Quotation 6302-14-0193 Depot 5, within Etobicoke York District:

Bidder	Winter 2015/2016 (net of all applicable taxes and charges)
Steed and Evans Ltd.	\$3,782,333.00
Carillion Canada Inc.	\$3,958,527.92
Pave-Tar Construction Ltd.	\$4,204,837.00
Fermar Paving Ltd.	\$4,622,140.32
Cruickshank Construction Ltd.	\$4,787,161.10
A&F Di Carlo Construction Inc	withdrew
Maple-Crete Inc	withdrew

The following is the summary of bids received for Request for Quotation 6032-14-0194 Depot 6, within Toronto and East York District Area 1:

Bidder	Winter 2015/2016 (net of all applicable taxes and charges)
K.J. Beamish Construction Co. Ltd	\$3,686,629.60
Gazzola Paving Ltd.	\$3,934,417.24
Carillion Canada Inc	\$3,986,108.26
Pave-Tar Construction Ltd.	\$4,217,455.60
Cruickshank Construction Ltd	\$4,625,546.42
Todd Brothers Contracting Ltd.	\$5,011,897.00
A&F Di Carlo Construction Inc	withdrew
Maple-Crete Inc	withdrew

The following is the summary of bids received for Request for Quotation 6032-14-0195 Depot 7 within Toronto and East York District Area 2:

Bidder	Winter 2015/2016 (net of all applicable taxes and charges)
A&F Di Carlo Construction	\$3,362,832.40
Steed & Evans Ltd.	\$3,655,262.50
Cruickshank Construction Ltd.	\$5,107,353.09

The following is the summary of bids received for Request for Quotation 6302-14-0196 Depot 8, within Scarborough District:

Bidder	Winter 2015/2016 (net of all applicable taxes and charges)
Defina Haulage Ltd.	\$4,140,874.76
D. Crupi & Sons Ltd.	\$4,156,195.00
Carillion Canada Inc.	\$4,215,186.16
Pave-Tar Construction Ltd.	\$4,289,361.00
Fowler Construction Company Ltd.	\$4,377,352.00
K.J. Beamish Construction Co. Ltd.	\$5,010,065.00
Cruickshank Construction Ltd.	\$5,184,568.63
Miller Paving Ltd.	\$5,224,240.00
Fermar Paving Ltd.	\$5,644,098.82
A&F Di Carlo Construction Inc	withdrew

The following is the summary of bids received for Request for Quotation 6302-14-0197 Depot 9, within Etobicoke York District:

Bidder	Winter 2015/2016 (net of all applicable taxes and charges)
Carillion Canada Inc.	\$3,592,744.10
Pave-Tar Construction Ltd.	\$3,780,708.00
Maple Crete Inc.	\$3,848,391.89
D. Crupi & Sons Ltd.	\$3,889,107.00
Cruickshank Construction Ltd.	\$3,943,049.71
Steed & Evans Ltd.	\$4,110,952.00
Fermar Paving Ltd.	\$4,363,208.05
Miller Paving Ltd.	\$4,483,909.50
A&F Di Carlo Construction Inc	withdrew

COMMENTS

The Quotation documentation submitted by the recommended bidders have been reviewed by staff 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.

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

CONTACTS

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SIGNATURES

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Stephen Buckley
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ATTACHMENT

Appendix A – Adjusting Index

APPENDIX “A” - ANNUAL ADJUSTMENT OF COST

The unit bid prices will be adjusted annually as shown in the following example using the CPI as issued for the month of July.

The unit bid prices stated in the Vendor's Quotation will apply during the first Operating Year of the Term.

In the second and subsequent Operating Years, the unit bid prices will be the costs applicable in the previous Operating Year multiplied by [1 + CPI/100].

The unit bid price will be adjusted for the second Operating Year and, if the Term is extended, for the subsequent Operating Years to reflect 100% of the percentage change in the All Item Index of Consumer Price Index (CPI) for Toronto, or the replacement Index, on a year-to-year basis.

In the second and subsequent Operating Years, the unit bid price will be the cost applicable in the previous Operating Year multiplied by [1 + CPI/100].

where:

$$\Delta \text{ CPI} = \left(\frac{\text{CPI Current Operating Year} - \text{CPI Previous Operating Year}}{\text{CPI Previous Operating Year}} \right) \times 100\%$$

and:

CPI Current Operating Year = Monthly Consumer Price Index (All Items) - Toronto for the month containing the beginning of the second and subsequent Operating Years.

CPI Previous Operating Year = Monthly Consumers Price Index (All Items) - Toronto for the month containing the beginning of the previous Operating Year.

Note:

The Annual Adjustment of Cost formula outlined above has replaced the Adjusting Index formula used in the previous snow removal contracts so as to be more transparent and accurately reflect market increases.

The Adjusting Index formula had been developed by the former Metro Transportation and was in place for several previous snow removal contracts. It was unique in the industry and employed only by the City of Toronto.

The Annual Adjustment of Cost increased 14.9% over the last 7 year contract (2007/2008 to 2014/2015) – An average of 3% per year.

It is estimated that the increase in the Adjusting Index for this contract will remain consistent at an average of 3% per year.