



## STAFF REPORT ACTION REQUIRED

### Results of the Requests for Quotation Nos. 6032-15-0025 to 6032-15-0029 (inclusive) for Winter Maintenance on Local Roads, Spreading of Salt or Treated Sand.

<b>Date:</b>	March 12, 2015
<b>To:</b>	Public Works and Infrastructure Committee
<b>From:</b>	Director, Purchasing and Materials Management General Manager, Transportation Services
<b>Wards:</b>	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 17, 23, 24, 25, 26, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43 and 44
<b>Reference Number:</b>	P:\2015\Cluster B\TRA\Scarborough District\pw1533.doc

## SUMMARY

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The purpose of this report is to advise on the results of the Requests for Quotation (RFQ) 6032-15-0025, 6032-15-0026, 6032-15-027, 6032-15-0028, and 6032-15-0029 for Salting Local Roads in the North York, Etobicoke – York and Scarborough Districts 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

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**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 6032-15-0025 for Winter Maintenance on Local Roads, Spreading of Salt or Treated Sand, Depot 11, within North York District for the 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, and 2021-2022 winter seasons to Fermar Paving Ltd., being the lowest bidder meeting specifications, for a grand total price of \$6,486,781.24 net of HST recoveries, including an annual estimate of the annual cost adjustments using 3% per year after year 1;

2. City Council grant authority to award RFQ 6032-15-0026 for Winter Maintenance on Local Roads, Spreading of Salt or Treated Sand, Depot 12, within North York District, for the 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, and 2021-2022 winter seasons to Fermar Paving Ltd, being the lowest bidder meeting specifications, for a grand total price of \$6,146,818.34 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 6032-15-0027 for Winter Maintenance on Local Roads, Spreading of Salt or Treated Sand, Depot 10, within Etobicoke - York District, for the 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, and 2021-2022 winter seasons to Fermar Paving Ltd., being the lowest bidder meeting specifications, for a grand total price of \$8,103,944.63 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 6032-15-0028 for Winter Maintenance on Local Roads, Spreading of Salt or Treated Sand, Depot 13, within Scarborough District, for the 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, and 2021-2022 winter seasons, to Fermar Paving Ltd., being the lowest bidder meeting specifications, for a grand total price of \$5,788,910.29 net of HST recoveries, including an estimate of the annual cost adjustments using 3% per year after year 1; and,
5. City Council grant authority to award RFQ 6032-15-0029 for Winter Maintenance on Local Roads, Spreading of Salt or Treated Sand, Depot 14, within Scarborough District, for the 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, and 2021-2022 winter seasons, to Fermar Paving Ltd., being the lowest bidder meeting specifications, for a grant total price of \$5,639,591.97 net of HST recoveries, including an estimate of the annual cost adjustments using 3% per year after year 1.

## **FINANCIAL IMPACT**

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The total cost to the City of Toronto for all five contract awards (for Depot 10 to Depot 14) for the seven (7) winter seasons (2015-2016 to 2021-2022) is \$32,166,046.47 net of HST recoveries, \$35,718,978.49 including all taxes and charges, and \$31,609,715.48 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 increase by 3% growth is consistent with the increase in winter maintenance contract prices over the last 7 years. Funding in the amount of \$1,610,504.90 for the period of November 1 to December 31, 2015 is included in the 2015 Approved Operating Budget for Transportation Services. The remaining amount of \$2,587,368.53 for the balance of the contract period from January 1 to April 15, 2016 along with the first part of the second winter's adjusted cost will be included in the 2016 Operating Budget Submission for Transportation Services. The budget for the first winter season requirement is \$4,197,873.44 net of HST

recoveries. Funding for the subsequent winter seasons (2016/17 to 2021/22) will be included in respective annual Operating Budget Submissions for Transportation Services.

<b>Operating Budget Funding Details – First Winter Season 2015/2016</b>					
<b>RFQ #</b>	<b>District</b>	<b>Operating Account</b>	<b>Nov. 1 -Dec. 31 2015 (net of HST recoveries)</b>	<b>Jan. 1-Apr. 7 2016 (net of HST recoveries)</b>	<b>Total (net of HST recoveries)</b>
6032-15-0025	North York	TP0189	\$324,783.25	\$521,782.92	\$846,566.17
6032-15-0026	North York	TP0189	\$307,761.83	\$494,437.03	\$802,198.85
		<b>Sub-total</b>	<b>\$632,545.07</b>	<b>\$1,016,219.95</b>	<b>\$1,648,765.02</b>
6032-15-0027	Etobicoke York	TP0161	\$405,752.15	\$651,864.11	\$1,057,616.27
		<b>Sub-total</b>	<b>\$405,752.15</b>	<b>\$651,864.11</b>	<b>\$1,057,616.27</b>
6032-15-0028	Scarborough	TP0216	\$289,841.91	\$465,647.66	\$755,489.57
6032-15-0029	Scarborough	TP0216	\$282,365.77	\$453,636.81	\$736,002.58
		<b>Sub-total</b>	<b>\$572,207.68</b>	<b>\$919,284.47</b>	<b>\$1,491,492.16</b>
<b>Total – 1<sup>st</sup> Winter Season</b>			<b>\$1,610,504.90</b>	<b>\$2,587,368.53</b>	<b>\$4,197,873.44</b>

### **Estimated Costs – Years 2-7**

<b>Year</b>	<b>Estimated Costs (net of HST recoveries)</b>
16/17	\$4,323,809.64
17/18	\$4,453,523.93
18/19	\$4,587,129.65
19/20	\$4,724,743.54
20/21	\$4,866,485.85
21/22	\$5,012,480.42

Total Estimated Costs – Years 1-7 (2015-2016 season to 2012-2022 season)

<b>Years</b>	<b>Estimated Costs (net of HST recoveries)</b>
2015-2016 to 2021-2022	\$32,166,046.47

The Deputy City Manager & Chief Financial Officer has reviewed this report and agree 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 five (5) Requests for Quotation (RFQs) for Winter Maintenance on Local Roads, Spreading of Salt or Treated Sand were issued by the Purchasing and Materials Management Division on January 16, 2015 on the City's Internet Website. The closing date for all of the RFQs was held on February 4, 2015.

The RFQs were designed so that each bidder could bid on one (1) or all five (5) 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 bids were opened was 6032-15-0029, 6032-15-0027, 6032-15-0028, 6032-15-0026 and 6032-15-0025.

The following is the summary of bids received for Request for Quotation 6032-15-0025 Depot 11, within North York District:

<b>Bidder</b>	<b>Winter 2015/2016 (net of all applicable taxes and charges)</b>
Fermar Paving Ltd.	\$831,924.30
Maple-Crete Inc.	\$903,345.00
Todd Brother Contracting Ltd.	\$929,845.00
Pave-Tar Construction Ltd.	\$938,142.00
Miller Paving Ltd.	\$939,910.00
Steed & Evans Ltd.	\$1,052,017.00
Trisan Construction Ltd.	\$1,089,135.00
Municipal Maintenance Inc.	\$1,108,130.00
Onyx Corporation	\$1,206,826.00
Ashland Paving Ltd.	\$1,503,150.00

The following is the summary of bids received for Request for Quotation 6032-15-0026 Depot 12, North York District:

<b>Bidder</b>	<b>2015/2016 (net of all applicable taxes and charges)</b>
Fermar Paving Ltd.	\$788,324.34
Maple-Crete Inc.	\$882,045.00
Todd Brothers Contracting Ltd.	\$889,974.00
Pave-Tar Construction Ltd.	\$902,189.00
Defina Haulage Ltd.	\$955,446.00
Trisan Construction	\$967,034.00
Miller Paving Ltd.	\$970,825.00
Municipal Maintenance Inc.	\$1,002,924.00
A&G The Road Cleaners Ltd.	\$1,093,925.00
Onyx Corporation	\$1,192,826.00
Ashland Paving Ltd.	\$1,457,150.00

The following is the summary of bids received for Request for Quotation 6032-15-0025 Depot 10, Etobicoke York District:

<b>Bidder</b>	<b>Winter 2015/2016 (net of all applicable taxes and charges)</b>
Fermar Paving Ltd.	\$1,039,324.16
Pave-Tar Construction	\$1,087,579.00
Todd Brothers Contracting	\$1,226,680.00
Carillion Canada Inc.	\$1,235,720.99
Fowler Construction	\$1,242,698.50
Miller Paving Ltd.	\$1,288,211.75
Trisan Construction	\$1,326,716.25
D. Crupi & Sons Ltd	\$1,144,667.00

The following is the summary of bids received for Request for Quotation 6032-15-0028 Depot 13, Scarborough District:

<b>Bidder</b>	<b>Winter 2015/2016 (net of all applicable taxes and charges)</b>
Fermar Paving Ltd.	\$742,422.93
Todd Brothers Contracting	\$767,680.50
Defina Haulage	\$785,103.40
Maple-Crete Inc.	\$817,055.00
Pave-Tar Construction	\$903,408.19
Trisan Construction	\$933,957.00
Municipal Maintenance Inc.	\$989,765.00
Onxy Corporation	\$1,015,887.00
Miller Paving	\$1,026,060.00

The following is the summary of bids received for Request for Quotation 6032-15-0029 Depot 14, Scarborough District:

<b>Bidder</b>	<b>Winter 2015/2016 (net of all applicable taxes and charges)</b>
Fermar Paving Ltd.	\$723,272.98
Todd Brothers	\$736,280.50
Defina Haulage Ltd.	\$781,515.92
Maple-Crete Inc.	\$806,465.00
Pave-Tar Construction	\$847,619.11
Trisan Construction	\$928,745.00
Municipal Maintenance Inc.	\$972,831.00
Onxy Corporation	\$996,309.00
Miller Paving	\$1,014,084.00

## **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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Michael Pacholok  
Director  
Purchasing and Materials Management

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Stephen Buckley  
General Manager  
Transportation Services

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.

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### 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.