Report - Standing Policy Committee on Public Works - July 12, 2005

Item No. 1 Award of Contract - Lease of an Asphalt Paver
File GL-9

STANDING COMMITTEE RECOMMENDATION:

On July 20, 2005, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Public Works and submits the following to Council:

1. That a contract in the amount of $491,842.40, plus G.S.T. and P.S.T., be awarded to Westcon Equipment and Rentals Ltd., the bidder submitting the lowest responsive bid meeting specifications, for Bid Opportunity 269 - 2005.

2. That the Manager of Materials be authorized to issue Purchase Orders accordingly.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report - Standing Policy Committee on Public Works - July 12, 2005

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On July 20, 2005, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Public Works and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On July 12, 2005, the Standing Policy Committee on Public Works concurred in the administrative recommendation and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

RE: AWARD of CONTRACT 269 – 2005
LEASE OF AN ASPHALT PAVER

FOR SUBMISSION TO: Standing Policy Committee on Public Works

ORIGINAL REPORT SIGNED BY: L. S. W. Larkin, P. Eng., Director of Public Works

REPORT DATE: July 5, 2005

RECOMMENDATION(S):

1 That a contract in the amount of **$ 491,842.40**, plus G.S.T. and P.S.T., be awarded to **Westcon Equipment and Rentals Ltd., (hereinafter referred to as "Westcon"),** the bidder submitting the lowest responsive bid meeting specifications, for Bid Opportunity **269 - 2005**. (See APPENDIX – Contract Award Summary pg 8).

2 That the Manager of Materials be authorized to issue Purchase Orders accordingly

REPORT SUMMARY:

Key Issues:

- The contract is for a supply to the City for a full maintenance leasing contract of an asphalt paver over a five year term, which creates an absolute commitment of funds not yet approved by Council.

Implications of the Recommendation(s):

General Implications:

	None
	For the organization overall and/or other departments
	For the community and/or organizations external to the City
X	Involves a multi-year contract

Comments: The contract creates a firm commitment for the City for 5 years.

Policy Implications:

[X] No
[ ] Yes
Comments:

Environmental Implications:

[X] No
[ ] Yes
Comments:

Human Resource Implications:

[X] No
[ ] Yes
Comments:

Financial Implications:

[X] Within approved current and/or capital budget
[ ] Current and/or capital budget adjustment needed

Comment:
The contract creates an absolute commitment of funds not yet approved by Council.

REASON FOR THE REPORT:

Although the Contract amount does not exceed 2,000,000, it does create a firm commitment by the City for 5 years. Only Council can approve an award of Contract where the contract commits the City to an expenditure where there are not sufficient funds in a budget approved by Council.

DISCUSSION:

A bid opportunity was released for public tender. The bid opportunity was a full maintenance leasing contract to secure the use of an asphalt paver over a five(5) year term, but for only certain periods within each year.

The bid opportunity closed on **May 31, 2005**. The requirements for Bid and Performance Security and the execution of a formal contract were waived for this purchase in accordance with the authority delegated to the Manager of Materials pursuant to Administrative Directive FM-002.The bid opportunity documents pertaining to the recommended bidder(s) are in order. The bids are open for acceptance until **July 30, 2005.**

A choice of two(2) eligible models were selected for this contract. Bidder's were mandated to offer one of the eligible models listed as well as meet the required specifications.

One (1) supplier (Westcon), submitted two(2) bids as listed in the attached Bid Summary Table. (See APPENDIX pg 9).

Westcon Equipment and Rentals Ltd offered the eligible model:

Terex Cedar Rapids..... model 552 ..... rubber tired asphalt paver

Westcon's bid met specifications with no deviations.

Conditions of the delivery are contained within Clause 10., of the Supplemental Conditions

TERMS OF LEASE:

The start of the lease period , shall be July 1/2005, as per Clause 5.1 (Terms of Lease), of detailed specifications 05 – 021, contained within Addendum 1 of this contract. The length of the lease shall be twenty – eight(28) months over a five year period.

The length of the lease and the lease periods are as below.

1) July 1 / 2005 ..... to ..... October 31 / 2005 ..... 4 months

2) May 1 / 2006..... to ..... October 31 / 2006 ..... 6 months

3) May 1 / 2007..... to ..... October 31 / 2007 ..... 6 months

4) May 1 / 2008..... to ..... October 31 / 2008 ..... 6 months

5) May 1 / 2009..... to ..... October 31 / 2009 ..... 6 months

Westcon presented two(2) options:

OPTION 1: A monthly charge for the lease of the asphalt paver which contained an ongoing built in full maintenance service provision at no extra cost.

(Rental Cost $ 19,211 per month) (Maintenance Cost $ 0 per month)

OPTION 2: A monthly charge for the lease of the asphalt paver. A separate added charge for maintenance based on every hour of usage of the machine.
(Rental Cost - $ 13,727 per month) (Maintenance Cost - $ 27.^{42} per hour)

Fleet Management has done a financial analysis for both options taking into account the estimated average hours of usage of the machine. (140 hours per month)
Fleet Management has decided to proceed with **Option 2.** (See – Bid Summary Table pg 9).

General

Fleet Management Agency has reviewed the work with the recommended bidder and is of the opinion that they are capable of supplying the asphalt paver and attachments in accordance with the requirements of the specifications and as bid.

Funding for this purchase is available from Fleet Management Agency account number **383 – 527010 – 189201.**

The total value of the contract recommended, (including 7% PST and 0% GST) is illustrated in the table below.

	VENDOR	CONTRACT VALUE (all taxes included)
1	**Westcon Equipment and Rentals Ltd.**	$ 526,271.^{36}
	TOTAL PRICE OF ALL CONTRACTS	**$ 526,271.^{36}**

Financial Impact Statement

Date: June 7, 2005

Project Name:

AWARD of CONTRACT 269 - 2005
LEASE OF AN ASPHALT PAVER

First Year of Program 2005

	2005	2006	2007	2008	2009
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
External	-	-	-	-	-
Grants (Identify)	-	-	-	-	-
Reserves, Equity, Surplus, Other	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 70,263	$ 105,395	$ 105,395	$ 105,395	$ 105,395
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 70,263	$ 105,395	$ 105,395	$ 105,395	$ 105,395
Less: Existing Budget Amounts	70,263	105,395	105,395	105,395	105,395
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

The contract creates an absolute commitment for funds not yet approved by council.

original signed by Cheryl Turman CA
Supervisor of Finance and Administration

IN PREPARING THIS REPORT THERE WAS CONSULTATION WITH, AND CONCURRENCE BY:
Legal Services & Material Management

THIS REPORT SUBMITTED BY:

Department:	Public Works	
Division:	Fleet Management Agency	
Prepared by:	Ken Saxton	986-4492
Processed by**:**	Shirley Thompson	986-5346
File No.:	269–2005.awa	

A P P E N D I X

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CONTRACT AWARD SUMMARY

BID OPPORTUNITY 269 – 2005 LEASE OF AN ASPHALT PAVER

Note : The unit prices listed below represent the actual prices submitted by the bidders.

All unit and total prices listed **do not include** PST, GST or tire tax.
(PST , GST and tire tax will be extra.)

CONTRACT 1 - Spec 05 ~ 021 – LEASE OF AN ASPHALT PAVER

Westcon Equipment and Rentals Ltd. - 380 Keewatin St. - Wpg Mb – R2X 2R9

Item	Equipment Description	A Unit Price per month per vehicle Cdn $	B Quantity	C Term of Lease (Months)	A x B x C Extended Amount Cdn $	PLUS $ 27.42 per hour for all hours of usage
1	Lease of an Asphalt Paver	$ 13, 727	1	28	$ 384,356	

BID SUMMARY TABLE

BID OPPORTUNITY 269 – 2005 LEASE OF AN ASPHALT PAVER

NOTE : The unit prices listed below represent the actual prices submitted by the bidders. All unit and total prices listed **do not include** PST, GST or tire tax. (PST , GST and tire tax will be extra.)

NOTE : The successful bid is highlighted in bold.

BIDS from WESTCON EQUIPMENT LTD.								
BID	A UNIT PRICE per month per vehicle Cdn $	B MAINTAIN COST per hour Cdn $	C ESTIMATED HOURS of USAGE per month (35 hrs X 4 weeks)	D B x C ESTIMATED MAINTAIN cost per month	E QUAN	F (A + D) x E TOTAL COST per MONTH Cdn $	G TERM OF LEASE (Months)	H F x G TOTAL COST for WHOLE CONTRACT Cdn $
1	$ 19,211.00	$ 0 (bulit in to monthly charge)	140	$ 0	1	$ 19,211.00	28	$ 537,908.00
2	**$ 13,727.00**	$ 27.42 Per hour for all hours of usage	140	**$ 3,838.80**	**1**	**$ 17,565.80**	28	**$ 491,842.40**