Minutes - Executive Policy Committee - September 22, 2004

Minute No. 507
Report - Standing Policy Committee on Public Works - September 14, 2004

Item No. 4 Award of Contracts - Snow Clearing on Regional and Local Streets during the 2004/2005/2006 winter seasons
File GL-9

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Public Works and submits the following to Council:

1. That Contracts be awarded to the Contractors which submitted the lowest evaluated responsive bids meeting all of the requirements of the published Bid Opportunities for Snow Clearing on Regional and Local Streets in the respective areas of the City of Winnipeg (GST is extra to the prices shown).

Bid Opportunity	Area	Contractor	Total Bid Price
329-2004 *	North Area (North)	J.C. Paving Ltd.	$524,831.70**
330-2004 *	East Area (North)	S.M. Industries Ltd.	$607,515.00
331-2004 *	East Area (South)	Beaver Sewer & Water Services Ltd.	$562,887.32
			(GST extra)

* Two year contract
** Corrected Bid Price – arithmetic errors

2. That the Manager of Materials be authorized to issue Purchase Orders for the above Contracts.

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

Minutes - Executive Policy Committee - September 22, 2004

Report - Standing Policy Committee on Public Works - September 14, 2004

DECISION MAKING HISTORY:

Moved by Councillor Steeves,
That the recommendation of the Standing Policy Committee on Public Works be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On September 14, 2004, 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 CONTRACTS FOR SNOW CLEARING ON REGIONAL AND LOCAL STREETS DURING THE 2004/2005/2006 WINTER SEASONS

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: August 30, 2004

RECOMMENDATION(S):

1. That Contracts be awarded to the Contractors which submitted the lowest evaluated responsive bids meeting all of the requirements of the published Bid Opportunities for Snow Clearing on Regional and Local Streets in the respective areas of the City of Winnipeg (GST is extra to the prices shown).

Bid Opportunity	Area	Contractor	Total Bid Price
329-2004 *	North Area (North)	J.C. Paving Ltd.	$524,831.70**
330-2004 *	East Area (North)	S.M. Industries Ltd.	$607,515.00
331-2004 *	East Area (South)	Beaver Sewer & Water Services Ltd.	$562,887.32
			(GST extra)

***** Two year contract
** Corrected Bid Price – arithmetic errors

2. That the Manager of Materials be authorized to issue Purchase Orders for the above Contracts.

REPORT SUMMARY:

Key Issues:

- These are standard 2-year snow contracts that span three fiscal years of funding. This Award of Contracts will facilitate the snow clearing on Regional and Local streets during the 2004/2005/2006 winter seasons.

Implications of the Recommendation(s):

General Implications:

- [X] None
- [ ] For the organization overall and/or other departments
- [ ] For the community and/or organizations external to the City
- [ ] Involves a multi-year phase in process

Comments:

Policy Implications:

- [X] No
- [ ] Yes

Comments:

Environmental Implications:

- [X] No
- [ ] Yes

Comments:

Human Resource Implications:

- [X] No
- [ ] Yes

Comments:

Financial Implications:

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

Comment:

Additional funding will be required in the 2004 Current Budget for Snow and Ice Control to enable the Public Works Department to undertake this winter's snow and ice control activities in accordance with the City's Snow Policy. Consideration may be given to utilizing the existing Snow Reserve Fund as a source for these additional funds. No additional funds should be required in 2005 and 2006 with this Award of Contracts provided that historical funding levels are provided in the Current Budget for Snow and Ice Control for those years.

REASON FOR THE REPORT:

The award of a multi-year contract must be authorized by Council in accordance with Section B.8.2.3 of the City's Materials Management Policy.

HISTORY:

A mix of City forces and private equipment is absolutely necessary to provide the quality level of service for snow clearing and ice control that our citizens demand. The City has awarded similar snow contracts over the past 20 years.

DISCUSSION:

Bids for the clearing and hauling of snow were received from a total of six (6) contractors and a summary of the bid submissions for each contract can be found in Appendix A of this report. The Bid Submission recommended for acceptance in each case is the lowest evaluated responsive bid meeting all of the requirements of the specifications.

The historical average unit price changes for the last ten seasons are as follows:

2004/2005 over 2003/2004	6.3% Increase
2003/2004 over 2002/2003	0.2% Reduction
2002/2003 over 2001/2002	1.3% Reduction
2001/2002 over 2000/2001	4.6% Increase
2000/2001 over 1999/2000	0.5% Increase
1999/2000 over 1998/99	1.0% Increase
1998/99 over 1997/98	6.5% Reduction
1997/98 over 1996/97	1.9% Reduction
1996/97 over 1995/96	24.8% Increase
1995/96 over 1994/95	2.2% Increase

The lapse dates of the three bid opportunities are November 17, 2004 for Bid Opportunity 329-2004; November 19, 2004 for Bid Opportunity 330-2004 and November 24, 2004 for Bid Opportunity 331-2004. It should be noted that the contract services are expected to commence on October 15, 2004, in the event of snowfall, as identified in the tender documents. Notwithstanding the lapse dates, it is intended that the contracts will be awarded prior to the October 15, 2004 date.

The requirements for a 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 by the Board of Commissioners on April 9, 1992 and February 9, 1995.

The City will have to approve additional funding to carry out snow and ice control activities for the balance of this year. Fortunately the Snow Reserve Fund was established for situations where the winter's snowfall experiences result in extraordinary expenditures and this Fund will be considered as one potential source of additional funding. The balance in the Snow Reserve as of December 31,2003 was $ 9,196,670. The additional funding that will be approved for snow and ice control will cover the remaining expenditures for the contracts in 2004 and future years' requirements will be budgeted in the 2005 and 2006 Current Estimates for Regional and Local Snow Clearing and Ice Control.

The recommended low bidders have the necessary resources and experience to complete the Contracts and have carried out previous contract works of a similar nature for the City of Winnipeg. All of the documents of the low bidders are in order, with the exception of the bid submissions of J.C. Paving Ltd. for Bid Opportunity No. 329-2004 which contained arithmetic errors that resulted in a corrected bid price and of C.J. Rental & Contracting Ltd. for Bid Opportunity No. 331-2004 in which the Bidder did not initial price changes. These irregularities are considered minor and therefore, the Bids should be considered responsive.

The Contracts that are being recommended for award are unit price maintenance service contracts. The total amount of the bids will not necessarily be the total value of the work completed and paid. All payments will be dependent on the quantity of snowfall received in the 2004/2005 and the 2005/2006 winter seasons. However, the minimum amount that will be paid to the Contractors would be based on the 40% guaranteed minimum payment in the Contracts.

It is, therefore, recommended that contracts be awarded to the Contractors identified for snow clearing on Regional and Local Streets in the respective Areas of the City of Winnipeg.

Financial Impact Statement

Date: August 26, 2004

Project Name:

First Year of Program 2004

Award of Contracts for Snow Clearing on Regional and Local Streets during the 2004/2005 and 2005/2006 Winter Seasons

	2004	2005	2006	2007	2008
Capital					
Capital Expenditures Required					
Less: Existing Budgeted Costs					
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal					
Debt - External					
Grants (Enter Description Here)					
Reserves, Equity, Surplus					
Other - To Be Determined					
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 349,218	$ 873,046	$ 523,827		
Less: Incremental Revenue/Recovery					
Net Cost/(Benefit)	$ 349,218	$ 873,046	$ 523,827	$ -	$ -
Less: Existing Budget Amounts	-	873,046	523,827		
Net Budget Adjustment Required	$ 349,218	$ -	$ -	$ -	$ -

Additional Comments:

Additional funding will be required in the 2004 Current Budget for Snow and Ice Control to enable the Public Works Department to undertake this winter's snow and ice control activities in accordance with the City's Snow Policy. As at June 30, 2004 the Division was forecasting total snow and ice control costs of $24.1M against a budget of $13.6M, for a shortfall of $10.5M. No additional funds should be required in 2005 and 2006 with this Award of Contracts provided that historical funding levels are provided in the Current Budget for Snow and Ice Control for those years.

"Original signed by Darcy Stewart, CA"
Manager of Finance & Administration

Approved by Department Assistant Controller: X

IN PREPARING THIS REPORT THERE WAS CONSULTATION WITH, AND CONCURRENCE BY:

Legal Services Division, Corporate Services Department; and,
Materials Management Division, Corporate Finance Department

THIS REPORT SUBMITTED BY:

Department:	Public Works
Division:	Streets Maintenance
Prepared by:	K.R. Boyd, P. Eng.
File No.	Snow/2004-2005/Award/Award Report.doc