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**Subject:** Extension to 2022-T-145 Winter and Summer Grounds Maintenance – Water & Wastewater

**Report to:** Public Works Committee

**Report date:** Tuesday, September 10, 2024

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## Recommendations

1. That Contract 2022-T-145 Winter and Summer Grounds Maintenance - Water & Wastewater with ABC Enterprises, Total Land Care and Stonecast Contracting Ltd. **BE EXTENDED** under the same terms and conditions, as outlined in this report, for a one (1) year optional extension (Term 3) at the total estimated cost of \$2,565,651 including 13% HST; and
2. That the CAO **BE AUTHORIZED** to approve the issuance of a Purchase Order to effect the extension of the contract.

## Key Facts

- The purpose of this report is to seek Council’s approval to extend the current contract with ABC Enterprises, Total Land Care and Stonecast Contracting Ltd. for year 3 by exercising a second optional one (1) year extension from October 15, 2024 to October 14, 2025, in accordance with the terms and conditions of Contract 2022-T-145.
- The contract extension requires Council approval in accordance with Schedule “B” (Purchasing and Execution Authority) of the Region’s Procurement By-law 02-2016 as amended, whereby Council is required to approve any contract award that exceeds \$5,000,000 in total value.
- In 2022, Contract 2022-T-145 was awarded to ABC Enterprises, Total Land Care and Stonecast Contracting Ltd. for Winter and Summer Grounds Maintenance Snow and Ice Removal for Water & Wastewater for a one (1) year term from October 15, 2022 to October 14, 2023. The Contract was awarded as part of a competitive Request for Tender (RFT) procurement process, where ABC Enterprises, Total Land Care and Stonecast Contracting was the lowest of seven (7) compliant bids received for their related section(s), at an annual cost of \$2,182,780 (excluding 13% HST).
- In 2023, Contract 2022-T-145 was extended for the first optional year, October 15, 2023 to October 14, 2024 for \$2,225,990 (excluding 13% HST).

- The Contract includes an option to extend for an additional one (1) year term for \$2,270,487 (excluding 13% HST) for a total term of three (3) years. This extension represents a year-over-year increase of 2% or well below the current annual Consumer Price Index (CPI) of 2.7%.

## **Financial Considerations**

The first year tender price (covering October 15, 2022 to October 14, 2023) of Contract 2022-T-145 was \$2,221,197 (including non-recoverable HST) for the year, with four (4) optional one (1) year extensions with a year-over-year annual increase of approximately 2%.

Exercising the second optional one (1) year extension (year 3) of Contract 2022-T-145 represents a favorable position to the Region as it provides continued value-for-money service with annual increases below the current CPI. It should be noted that contract pricing is based on a 'per application' unit of measure with the total contract price dependent on the number of applications required at Niagara's Water & Wastewater facilities in order maintain an established level of service (e.g. maximum snow depth, maximum grass height, etc.). Current seasonal application estimates are 30 grass cuts, 24 snow removals and 60 de-icing applications per facility.

The budget increase associated with the renewal is accommodated in the 2024 Water Wastewater operating budget and will be included in the proposed 2025 Water Wastewater operating budget.

## **Analysis**

Niagara Region Public Works, Water & Wastewater Division requires winter grounds maintenance as an essential service to achieve bare pavement conditions and to maintain a safe work environment for staff (and visitors) at approximately 140 staffed and unstaffed locations. Contract 2022-T-145 also requires summer grounds maintenance to maintain landscaping which requires cutting and trimming over 890,000m<sup>2</sup> or 220 acres of lawn.

Water and wastewater facilities are operated 24 hours a day and seven (7) days a week. Failure to secure appropriate winter and summer grounds maintenance services runs the risk of impeding staff from accessing facilities, delaying emergency response efforts, creating unsafe conditions and tarnishing the Region's reputation with area residents and other visitors.

In 2022, Contract 2022-T-145 was awarded to ABC Enterprises, Total Land Care and Stonecast Contracting Ltd. for Winter and Summer Grounds Maintenance Snow and Ice Removal for Water & Wastewater for a one (1) year term from October 15, 2022, to October 14, 2023. The Contract was awarded as part of a competitive Request for Tender (RFT) procurement process, where ABC Enterprises, Total Land Care and Stonecast Contracting was the lowest of seven (7) compliant bids received for their related section(s), at an annual cost of \$2,182,780 (excluding 13% HST).

As per Contract 2022-T-145, Niagara Region has the option to extend the contract with ABC Enterprises, Total Land Care and Stonecast Contracting Ltd. one (1) additional one (1) year term (year 3), on the same terms and conditions. If the contract is extended, the total contract value will surpass \$5,000,000 in total value and requires Council approval as per Schedule "B" (Purchasing and Execution Authority) of the Region's Procurement By-law 02-2016, as amended.

Staff have contacted ABC Enterprises, Total Land Care and Stonecast Contracting Ltd. to notify them of the Region's intent to exercise the option to extend, subject to Council approval. ABC Enterprises, Total Land Care and Stonecast Contracting Ltd. are willing to extend the contract at the optional year three (3) 'per application' unit prices quoted in their original 2022-T-145 contract bid.

It is recommended that the Contract be extended for the next optional one (1) year term. The rationale for the contract extension is as follows:

- Fuel costs, chemical costs, equipment and labour costs have all continued to escalate at increased rates since the onset of the pandemic in many W-WW essential supply & service contracts.
- The extended total price for the next optional one (1) year extension (year 3) received as part of the 2022-T-145 competitive RFT process is limited to a year-over-year increase of 2% which is well below the current annual CPI of 2.7%.

Given recent contract RFT results and both current and projected market conditions, it is anticipated that a new tender will not yield more favorable pricing.

### **Alternatives Reviewed**

Staff has examined the possibility of not extending the contract with ABC Enterprises, Total Land Care and Stonecast Contracting Ltd. If Niagara Region were to issue a new tender for the Winter and Summer Seasonal Grounds Maintenance in Fall 2024, given both current and projected industry conditions, it is expected that the pricing received

would exceed the cost of extending the existing contract. Furthermore, extending the contract at the proposed terms would provide greater cost certainty for the operating budget.

### **Relationship to Council Strategic Priorities**

This recommendation aligns with Council's strategic priority of Effective Region, specifically as it relates to delivering fiscally responsible and sustainable services. Extending the contract with ABC Enterprises, Total Land Care and Stonecast Contracting Ltd., will enable Niagara Region to maintain safe and accessible facilities for staff (and visitors) while continuing to provide value-for-money water and wastewater services to Niagara residents.

### **Other Pertinent Reports**

No other reports are pertinent to this report.

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**Submitted by:**

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Chief Administrative Officer

This report was prepared in consultation with Craig Courteau, Associate Director, W-WW Integrated Systems and Dan Ane, Program Financial Specialist and reviewed by Michelle Rasiulis, Procurement Manager, Donna Gibbs, Director Legal and Court Services and Phill Lambert, Director, W-WW Services.