
Subject: Award of Tender 2020-T-6 Area Winter Maintenance

Report to: Public Works Committee

Report date: Tuesday, July 14, 2020

Recommendations

1. That Contract 2020-T-6 Area Winter Maintenance **BE AWARDED** to Steed and Evans Limited, based on year one pricing of \$3,605,378 (including 13% HST) for a ten (10) year term, and;
2. That the Regional Chair and Regional Clerk **BE AUTHORIZED** to execute the Contract and any required documents related thereto in a form satisfactory to the Director of Legal and Court Services.

Key Facts

- The purpose of this report is to seek Council's approval to award Contract 2020-T-6, Area Winter Maintenance to Steed and Evans Limited for a ten (10) year term.
- The Procurement By-law 02-2016 as amended on February 28, 2019 requires Council approval for all tender awards in excess of \$5,000,000, which is the case with the cumulative value of this contract award.
- The procurement was undertaken in anticipation of the expiration of the current Area Winter Maintenance contract at the end of the current 2019 – 2020 winter season.
- A Request for Tender for Area Winter Maintenance Contract (Contract 2020-T-6) was issued to the following subset of prequalified bidders developed from Request for Prequalification (2019-RFPQ-301):
 - Steed and Evans Limited;
 - Integrated Maintenance & Operations Services Inc.
- As outlined in Appendix 1 appended to this report as Appendix 1 – 2010-T-6 Summary of Bids, one (1) bid submission from Steed and Evans Limited at a year one (1) bid price of \$3,190,600 (excluding taxes) was received and deemed compliant with the requirements of the Tender.

- The estimated cumulative value of this contract over the ten (10) year term is \$35,419,192 (excluding taxes).

Financial Considerations

The estimated cumulative value of this contract over the ten (10) year term is \$35,419,192 (excluding taxes) with due consideration to annual adjustment for CPI and diesel fuel escalation.

In 2020 Council approved an operating budget for this contract in the amount of \$2,702,991. To date in 2020, \$1,830,382 has been spent on these services. With the award of this contract, it is anticipated that the actual costs for these services would exceed budget by approximately \$407,000 in 2020. The increase in the contract actuals compared to budget will be accommodated by the overall transportation services 2020 operating budget. As communicated in PWC-C 17-2020 Snowplow Costs (Appendix 6), to date winter maintenance savings of \$400,739 have been realized which will be used to offset this overage.

Through the annual budget approval process, staff will adjust future year operating budgets as needed, taking into consideration the new cost of this contract throughout the duration of the Contract term. Staff estimated there would be an increase of approximately fifteen percent (15%) in the 2021 budget forecast (See Appendix 4 - Multi Year Forecast) for this contract. Forecasted increases were based on additional legislated service level requirements and a review of other recent winter maintenance contract awards with MTO and other comparable Municipalities. The projected increase were based on the following:

- Increase in winter material costs;
- Increase in insurance costs;
- Increase in level of service to match legislation of mandated bike lane maintenance;
- Higher level of accountability in liquidated damage section;
- Increase costs of purchasing new winter vehicles;
- MBNC benchmarking indicated the following % increases from the 2017-18 winter seasons for other Municipalities.

ROAD309 Operating Cost for Winter Control of Roadways per Lane Km Maintained

Municipality	2018 Result	2017 Result	% Change
Durham	\$5,450.22	\$4,770.79	14.24 %
Halton	\$5,202.32	\$4,974.55	4.58 %
Hamilton	\$3,635.58	\$3,532.64	2.91 %
London	\$3,974.28	\$3,405.58	16.70 %
Niagara	\$4,413.43	\$4,060.28	8.70 %
Waterloo	\$4,729.31	\$4,088.91	15.66 %
York	\$6,622.97	\$5,621.76	17.81 %

Staff will recalibrate the operating budget each year based on best estimates of anticipated contract payments.

Analysis

In April 23 2019, Council approved a second one year extension of the current Area Winter Maintenance Contract 2008-RFP-40 to provide staff with adequate time to complete a service delivery review. This extension is scheduled to expire prior to the start of the 2020 – 2021 Winter season (Appendix 2 – PW 18-2019 Winter Maintenance Extension). As part of this report the following amendment was accepted:

That an amending agreement with Steed and Evans Limited **BE PREPARED** by the Director of Legal and Court Services to exercise the *final* one year option and extend the contract end date to September 3, 2020, following Council approval.

Operational Review:

In accordance with the recommendations outlined in the Value for Money Audit of Snowplowing, Road Maintenance and Landscaping Services – Final Report 15-2387, a competitive service delivery was completed in 2019.

Currently the Transportation Operations division operates within a “hybrid” business model during the winter season utilizing the Niagara Region, City of St. Catharines and an Area Maintenance Contractor forces.

As part of the analysis performed in 2019, Niagara Region Operation staff conducted a competitive service delivery exercise encompassing all established winter routes. As part of the routing analysis, Niagara Region evaluated all of the existing winter routes

and the total lane kilometers maintained and made strategic decisions on the overall routing strategy and areas of maintenance based on:

- current Niagara Region winter vehicle capacity and staff complement;
- geographical areas in proximity to the four (4) Regional Operation facilities;
- optimizing partnerships with Municipalities; and
- the award of an Area Maintenance Contract as part of a hybrid winter operations model.

Based on the analysis, in those areas that Niagara Region staff did not have the capacity to manage in-house, staff consulted with other local municipalities including Niagara-on-the-Lake, Wainfleet, Fort Erie, St Catharines, Lincoln and Port Colborne.

St Catharines indicated they could continue with present agreement but would not have capacity to manage any additional Niagara Region Roads. Port Colborne was the only other Municipality that indicated they had capacity to undertake any winter maintenance on Niagara Region Roads.

Staff have reviewed changes in pertinent legislation, Ontario Regulation 239/02 Minimum Maintenance Standards for Municipal Highways which includes Bike Lane standards for winter maintenance and have updated internal policies and procedures to reflect legislative changes and to incorporate the Transportation Master Plan objectives around Complete Streets.

Staff then developed a revised Hybrid business model based on the conclusions of the competitive service delivery exercise identified above and attached as, Appendix 3 - Winter Service Area Map. The findings of the operational review were considered/included in the 2020 RFPQ and tender processes to ensure Niagara Region's winter level of service met all current regulations and standards.

Request for Prequalification (RFPQ) Process:

Transportation and Procurement staff met on September 17, 2019 to identify the optimum procurement strategy and process which would be employed for this procurement. The team evaluated the merits of both a Request for Proposal and a Request for Prequalification followed by a Request for Tender process.

A prequalification process, followed by a competitive tender was selected as the preferred procurement strategy because it offered the best combination of procurement processes to provide the optimum balance of bidder capability, financial stability, staff resourcing to meet service levels and qualifications/experience in similar work coupled with providing Niagara Region with best value from a financial perspective.

Pursuant to consultation with Staff in Transportation Operations, procurement initiated a prequalification process, 2019-RFPQ-301, in November 2019 which included a minimum technical threshold of seventy-five percent (75%) of the evaluation criteria.

During this open Prequalification process, a total of three (3) addenda were issued to provide Proponents with responses to questions which they asked. Staff noted that none of the questions received suggested that further refinements outlined in the RFPQ document were necessary.

Pursuant to the prequalification process, a total of three (3) submissions were received, two (2) of which were deemed prequalified on February 20, 2020 as they had met the minimum technical threshold based on the stated evaluation criteria; Steed and Evans Limited and Integrated Maintenance & Operations Services Inc. In accordance with our stated process, on May 14, 2020, Niagara Region extended invitations to both prequalified bidders to bid on Contract 2020-T-06.

It should be noted that from the onset of the procurement, Staff did anticipate there could potentially be a limited number of Bidders who would be both qualified and capable of facilitating this contract in large part due to the significant requirements in terms of the scope and service level requirements. In this regard, Staff note that currently within the Niagara Region area there are only two (2) winter maintenance contracts of this magnitude (Niagara Region and MTO).

Request for Tender (RFT) Process:

To ensure Niagara Region's requirements were aligned with best practices and current market standards, the tender was developed with due consideration of Staff experience, a review of similar procurements conducted from other jurisdictions including the MTO's procurement documentation for winter maintenance and the outcomes from the competitive service delivery process which was initiated from the Value for Money Audit of Snowplowing, Road Maintenance and Landscaping Services.

In reviewing contracts of a similar nature from other Municipalities and the Ministry of Transportation (Region of Waterloo, Peel Halton East, Toronto-York and Niagara), a ten (10) year term was considered to be the best option:

- Ten (10) year term aligns the amortization of Contractor Fleet with the amortization of the Niagara Region Winter Fleet which allowed for an accurate comparisons of costs.
- The contractors' capitalization of a fleet in a competitive procurement process for a shorter term could potentially result in increased costs, making the value of this tender unaffordable within the Operating budget.
- Recommendations from the Office of the Auditor General of Ontario, Special Report on Winter Highway Maintenance, recommended that Contracts became longer in duration: Previous AMC contracts were for seven to nine years. The current performance-based MTO contracts are for nine (9) to 13 years.

The tender document Contract 2020-T-6 was posted on May 14 2020. While there was some delay in the targeted posting in large part due to COVID-19, staff considers the time afforded to Bidders to respond to the tender, and prepare for commencement of services following award sufficient. During this open tendering period, a total of one (1) addendum was issued on May 25, 2020 to provide Proponents with responses to questions which they asked. Staff noted that none of the questions received suggested that further refinements to the requirements and tendering timeline were necessary.

Pursuant to that public tendering process, a total of one (1) bid was received. Niagara Region's Procurement & Strategic Acquisitions division reviewed the bid received for compliance, and determined it to be compliant with the requirements of the tender document. In this second stage, the submission from Steed and Evans Limited is being recommended for award of this contract.

Of note, on the day before the closing date of Contract 2020-T-6, Niagara Region did receive a notice of no bid from one of the Prequalified Bidders.

Staff are confident that a fair, transparent and competitive procurement process was undertaken and as such are supportive of the recommendation being presented to Council.

Contract award requires resources from Corporate Services in order to finalize and approve the required contract documents for execution. Transportation Operations staff

will be providing resources throughout the length of the contract in order to manage the contract and conduct periodic audits of the Contractor's performance.

Alternatives Reviewed

Three alternative solutions were reviewed:

1. Renew existing contract for an additional one (1) year term.
2. Tender existing winter maintenance service model in place for a ten year term.
3. Tender revised hybrid winter maintenance service model for a ten (10) year term based on routing analysis maximizing:
 - a) Capacity of Niagara Region Winter Fleet;
 - b) Capacity of Local Municipality Winter Fleets if available;
 - c) Adjusted Contract area to manage remainder of winter routes.

The preferred alternative was option three (3) to tender based on the results of the competitive service delivery exercise encompassing all established winter routes.

Relationship to Council Strategic Priorities

Sustainable and Engaging Government, this winter maintenance tender shows a commitment to high quality, efficient, fiscally sustainable and coordinated core services activities.

Foster Partnerships, leveraging resources of other Municipalities with the Niagara Region resources maximizes capacity in an efficient cost effective manner.

Other Pertinent Reports

Value for Money Audit of Snowplowing, Road Maintenance and Landscaping Services – Final Report 15-2387 (Appendix 5).

PW 18-2019 Winter Maintenance Extension (Appendix 2).

PWC-C 17-2020 Snowplow Costs (Appendix 6).

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Appendices

Appendix 1	2020-T-6 Summary of Bids
Appendix 2	PW 18-2019 Winter Maintenance Extension
Appendix 3	Winter Service Area Map
Appendix 4	Multi Year Forecast
Appendix 5	Value for Money Audit of Snowplowing, Road Maintenance and Landscaping Services – Final Report 15-2387
Appendix 6	PWC-C 17 -2020 Snowplow Costs