

Section I – Items for Board of Directors Action

TO: Chair and Members of the Executive Committee
Friday, February 3, 2023 Meeting

FROM: Anil Wijesooriya, Director, Restoration and Infrastructure

RE: **VENDOR OF RECORD ARRANGEMENT FOR RENTAL OF OPERATED HEAVY CONSTRUCTION EQUIPMENT – CONTRACT EXTENSION**
Contract No. 10035339

KEY ISSUE

Extension of Contract No. 10035339 for a Vendor of Record (VOR) arrangement for operated heavy construction equipment from April 1, 2023 to April 1, 2025.

RECOMMENDATION:

WHEREAS Toronto and Region Conservation Authority (TRCA) is engaged in a variety of programs/projects that require operated heavy construction equipment;

WHEREAS TRCA solicited proposals through a publicly advertised process and awarded Contract No. 10035339 to Dynex Construction Inc., Sartor Environmental Group Inc., TMI Contracting & Equipment Rentals Ltd. and Valefield Contracting Inc at Board of Directors Meeting RES.#A32/21;

AND WHEREAS staff are satisfied with the goods and services provided to date under the current contract;

THEREFORE THE EXECUTIVE COMMITTEE RECOMMENDS THAT TRCA staff be directed to exercise their contractual right to extend the VOR arrangement with Dynex Construction Inc., Sartor Environmental Group Inc., TMI Contracting & Equipment Rentals Ltd. and Valefield Contracting Inc for an additional two (2) years, to April 1, 2025, at a total cost not to exceed \$17,875,000, plus applicable taxes; to be expended as authorized by TRCA staff;

AND FURTHER THAT authorized TRCA officials be directed to take whatever action may be required to implement these extensions, including the obtaining of necessary approvals and the signing and execution of any documents.

BACKGROUND

TRCA requires operated construction equipment for construction of a variety of engineering, habitat restoration and trail building projects throughout TRCA's jurisdiction. Through a VOR arrangement for rental of operated equipment, Vendors are authorized to provide these services for a defined period of time and with fixed unit pricing.

In accordance with the contract documents for the VOR arrangement, staff may issue Purchase Orders for any Vendor on the list with the equipment, expertise and experience required for their project or program requirements.

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Furthermore, where the Vendors on the VOR list are not available for a particular project within the timelines required for TRCA to meet its deliverables, staff are authorized to procure the required services separately following TRCA's Procurement Policy.

Vendors are to provide all resources required to service the divisional or program needs of TRCA in accordance with applicable laws, codes, standards, terms and conditions of the vendor of record agreement.

At the Board of Directors Meeting held on February 26, 2021, Resolution # A32/21 was approved in part as follows:

THEREFORE, LET IT BE RESOLVED THAT Request for Proposal (RFP) No. 10035339 - Vendors of Record for Rental of Operated Heavy Construction Equipment be awarded to Dynex Construction Inc., Sartor Environmental Group Inc., TMI Contracting & Equipment Rentals Ltd. and Valefield Contracting Inc for two (2) years at a total cost not to exceed \$13,250,500, plus applicable taxes, to be expended as authorized by TRCA staff;

THAT TRCA staff be authorized to approve additional expenditures to a maximum of \$1,325,050 (approximately 10% of the anticipated expenditures), plus applicable taxes, in excess of the contract cost as a contingency allowance if deemed necessary;

Furthermore, the VOR agreements with all Vendors has the option to extend the contract by one (1) additional two (2) year term, at TRCA's discretion and upon written notice to the Vendors.

RATIONALE

On December 1, 2022, the Evaluation Committee for this contract conducted an annual review of the performance of the Vendors for Contract 10035339. The Committee recommended extending the current contract for an additional two (2) years with all Vendors, as the value and quality of services delivered under this contract was deemed satisfactory.

It is estimated that extending the expiry date from April 1, 2023, to April 1, 2025 will account for an increase in spending of up to \$17,875,000, plus applicable taxes. This estimate is based on the average daily expenditures recorded at the time of writing this report. This value also includes the potential for unit price increases as well as an assumed increase in workload.

Relationship to TRCA's 2022-2034 Strategic Plan

This report supports the following Pillars and Outcomes set forth in TRCA's 2023-2034 Strategic Plan:

Pillar 1 Environmental Protection and Hazard Management:

- 1.1 Deliver provincially mandated services pertaining to flood and erosion hazards

Pillar 1 Environmental Protection and Hazard Management:

- 1.2 Leadership in greenspace conservation

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Pillar 4 Service Excellence:

4.3 Responsive relationships and a trusted brand with a reputation for excellence

FINANCIAL DETAILS

The anticipated value to extend the contract from April 1, 2023 to April 1, 2025 and the value increase required for the initial contract term to April 1, 2023 is a total of \$17,875,000, plus applicable taxes.

Vendors may increase unit rates to a maximum of the preceding year's [Ontario Consumer Price Index \(Toronto – All Items category\)](#) as published by Statistics Canada, at the time of extension. The most recent data published by Statistics Canada at the time of writing this report indicates a change of +6.4% for the period of October 2021 – October 2022, which could potentially translate to a 6.4% increase in Vendor unit rates across all equipment categories. For this reason, the value increase being proposed assumes a +6.4% increase of unit rates at the time of extension (April 1, 2022) for all Vendors.

While TRCA staff have made every reasonable effort to accurately forecast expenditures under this VOR contract, an increase or decrease in workload will have an impact on the value of this contract. All Vendors on the VOR list understand both the potential cost and resource implications associated with changes in workload. Operated heavy equipment will be provided on an “as required” basis with no minimum orders guaranteed.

Services provided under this VOR are used to support a variety of capital and cost recoverable project accounts. The funds required for purchase of these services are budgeted directly within these accounts.

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