

Section I – Items for Board of Directors Action

TO: Chair and Members of the Board of Directors
Meeting #1/20, Friday, February 21, 2020

FROM: Moranne McDonnell, Director, Restoration and Infrastructure

RE: **VENDOR OF RECORD FOR OPERATED HEAVY CONSTRUCTION
EQUIPMENT RENTAL – CONTRACT EXTENSION**

KEY ISSUE

Extension of Contract No. 10020047 for Operated Heavy Construction Equipment Rental expiry date from March 31, 2020 to March 31, 2021.

RECOMMENDATION

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

AND WHEREAS TRCA solicited proposals through a publicly advertised process and awarded Contract No. 10020047 to Sartor Environmental Group Inc., Dynex Construction Ltd., Valefield Contracting Inc., TMI Contracting and Equipment Rental Ltd. and Trisan Construction at Board of Directors Meeting #3/19, RES.#A36/19;

AND WHEREAS the need to extend the contract has arisen due to an increase in work;

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

THEREFORE, LET IT BE RESOLVED THAT TRCA staff be directed to exercise their contractual right to extend the Vendor of Record arrangement with Sartor Environmental Group Inc., Dynex Construction Ltd., Valefield Contracting Inc., TMI Contracting and Equipment Rental Ltd. and Trisan Construction for the supply of operated heavy construction equipment for an additional year;

THAT Contract No. 10020047 for supply of operated heavy construction equipment services be extended at a total cost not to exceed \$8,908,000, plus applicable taxes, to be expended as authorized by TRCA staff;

THAT vendors may increase hourly rates at the time of extension in accordance with the original contract terms;

THAT if a situation is present where the vendors of record are not available for a particular project, staff be authorized to follow the Procurement Policy to retain a vendor;

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

Item 9.2

BACKGROUND

TRCA utilizes operated heavy construction equipment rental for completing a variety of engineering, habitat restoration, and trail building projects throughout TRCA's jurisdiction. Through a VOR arrangement for the rental of operated heavy construction equipment, vendors are authorized to provide these services for a defined period of time and with fixed pricing. In accordance with the contract documents for the VOR arrangement, staff may issue Purchase Orders for any vendor on the list with the expertise and experience required for their project or program requirements.

Furthermore, where the suppliers 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 following TRCA's Procurement Policy. Vendors are required to provide all resources required to service the divisional or program needs in accordance with applicable laws, codes, standards, terms and conditions of the vendor of record agreement.

At Board of Directors Meeting #3/19, held on March 29, 2019, Resolution #A36/19 was approved in part as follows:

THAT TRCA staff be directed to establish a Vendor of Record arrangement with Sartor Environmental Group Inc., Dynex Construction Ltd., Valefield Contracting Inc., TMI Contracting and Equipment Rental Ltd. and Trisan Construction for the supply of operated heavy construction equipment during the contract period for one (1) year with the option to extend for an additional year;

The VOR arrangement for supply of operated heavy construction and associated specialty equipment was established for the time period from April 1, 2019 to March 31, 2020. Based upon a review of projects scheduled for implementation during the contract period, the anticipated value of the requested services under this contract was estimated to be approximately \$5,000,000.

RATIONALE

As a result of an increased number of construction projects in 2019 following significant additional funding received in-year from Infrastructure Canada under the Disaster Mitigation and Adaptation Fund, the proposed contract extension recommends an increase in value by \$1,400,000. This increase accounts for the estimated expenditures under this contract between February 22 and the current contract end date of March 31, 2020; plus \$7,380,000 for the period of April 1, 2020 to March 31, 2021 which is based on the estimated expenditures for the current contract term of \$6,400,000, plus \$980,000 to account for a projected increase in workload by 15% over 2019 during the extension term. These estimates are based on the best available information at the time this report was prepared; plus \$128,000 which represents a potential increase of unit rates by 2% to account for Consumer Price Index (CPI) adjustments during the contract extension term, for a total value of \$8,908,000 plus applicable taxes.

The Evaluation Committee conducted an annual review of the performance of vendors for the first year of Contract 10020047 in January 2020. The Committee recommends extending the current contract for an additional year with all vendors, as the value and quality of services delivered by the vendors under this contract has been deemed satisfactory by TRCA staff.

Item 9.2

Relationship to Building the Living City, the TRCA 2013-2022 Strategic Plan

This report supports the following strategies set forth in the TRCA 2013-2022 Strategic Plan:

Strategy 2 – Manage our regional water resources for current and future generations

Strategy 7 – Build partnerships and new business models

FINANCIAL DETAILS

The anticipated value of the extension of this contract is approximately \$8,908,000 plus applicable taxes. 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. The services will be provided on an “as required” basis with no minimum hours guaranteed.

Vendors may increase hourly 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 indicates a percentage change of +1.9 for the period of December 2018 – December 2019; which translates to a 1.9% increase in vendor unit rates across all equipment categories. The value increase being proposed for this contract extension assumes a 2% increase of hourly unit rates at the time of extension (March 31, 2020) for all Vendors.

Funds for this contract are identified in a variety of capital and cost recoverable project accounts.

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