

NO: R004

COUNCIL DATE: January 16, 2023

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## REGULAR COUNCIL

TO: **Mayor & Council** DATE: **January 12, 2023**

FROM: **General Manager, Engineering** FILE: **1220-060-2022-007**

SUBJECT: **Award of Standing Offer Agreement No. 1220-060-2022-007**  
**Hired Equipment Procurement**

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## RECOMMENDATION

The Engineering Department recommends that Council:

1. Approve the list of Hired Equipment Contractors, as per the attached Appendix "I", for a one-year term;
2. Approve Standing Offer Agreement No. 1220-060-2022-007 in the amount of \$6,500,000.00 (including GST and contingency) for the procurement of Hired Equipment Contractors;
3. Approve the option to extend Standing Offer Agreement No. 1220-060-2022-007 for two additional one-year terms at the City's sole discretion at an annual expenditure authorization limit of \$6,500,000.00 (including GST and contingency); and
4. Authorize the General Manager, Engineering to execute Standing Offer Agreement No. 1220-060-2022-007 and approve all optional extensions within the approved annual expenditure authorization limit.

## INTENT

The purpose of this report is to seek Council's approval to authorize Standing Offer Agreement No. 1220-060-2022-007 (the "SOA") for the supply of hired equipment contractors from the private sector for a one-year term, with the option to extend the contract for up to four additional one-year extensions at the City's sole discretion.

## DISCUSSION

The Engineering Department is responsible for the provision of vehicles and heavy equipment to all City departments. Engineering staff assign equipment from the City-owned fleet pool to various departments on an "as requested" basis and track utilization while shifting equipment between departments, depending upon seasonal requirements and project needs. In addition, staff hire equipment and services from the private sector to supplement the City's own resources on an "as required" basis when the equipment needed to maintain current workloads exceeds the resources of the City's fleet pool. Augmenting the City's fleet and equipment pool is required to ensure that the City's infrastructure maintenance work, capital projects and other emergency works are completed and delivered on time without disrupting services for residents.

The Hired Equipment Contractors (the “Contractors”) will supplement the City’s equipment resources and will be ordered by the City solely on an “as required” basis in the event the City’s resources are fully utilized at the time. The scheduling of equipment is done in a manner that City-owned fleet equipment is optimized and utilized on a priority basis and subsequently supplemented through hiring equipment and operators through the private sector that is required by staff and at the worksite. By prioritizing City equipment and then securing hired equipment, it ensures cost impacts are minimized and the City receives best value. The types of equipment with operators hired from the private sector typically include tandem dump trucks, backhoes, excavators, sweepers, and vacuum trucks.

The contractors are not guaranteed any amount of business as a result of entering into the SOA with the City; however, the SOA ensures that all hired equipment is retained in a fiscally responsible and transparent manner, with the hired rates being well below standard market rates. When scheduling hired equipment, the following criteria is used:

- Priority is given to the contractor with the lowest hourly rate that has the availability to provide the service; and
- If the lowest rate contractor is not available, the City will proceed to retain the next lowest rate contractor, giving consideration to the hired rate and whether works can be deferred to accommodate availability and/or capacity of a lower rate equipment.

Upon review of past instances, the lowest rate equipment has been available on a very frequent basis and there is very little variation in the rate of hired equipment amongst the contractors.

Analysis has shown that City-wide the historic annual costs have averaged approximately \$5.5 million (including GST) for various vendors under the Hired Equipment Program for use in both capital and maintenance work; however, 2023 rates bid are 9% higher on average compared to 2022 rates. Therefore, an expenditure authorization limit of \$6.5 million is recommended for this agreement.

The City reserves the right to re-open the Request for Standing Offers during the full term at the City’s discretion.

### **Program Objectives**

The City is seeking the best combination of cost and performance from its contractors under this application process so that the Hired Equipment Program can achieve operational efficiencies and flexibility in administering the program.

Specifically, the City requires:

- a) A secure and regular availability of trucks and equipment to assist the City’s Engineering Department, which require the services on an “as and when required” basis;
- b) Qualified, experienced and skilled drivers/operators to support the City’s operations; and
- c) In the event of a major or serious disaster, such as an earthquake, major fire, or extreme snow conditions, the City will be faced with the requirement to sustain the provisioning of key facilities such as those operated by Fire-Rescue, Police and other emergency facilities. Equipment operators also confirm whether their equipment and/or trucks offered to the City under this application process will be made available to the City and that they will provide support to the City in the event of a major disaster or emergency condition.

## **Procurement Process**

In an effort to encourage greater private sector participation in the City's Hired Equipment Program, on November 10, 2022, a Request for Applications for Standing Offer Agreements was issued as a public competitive procurement and posted on the City and BC Bid websites.

A total of 37 submissions were received and included equipment supply in 22 categories. These submissions are described in the attached Appendix "I". The submissions included a list of available equipment and the vendor's rate.

## **Evaluation**

The submissions were evaluated through a team comprised of representatives from the Engineering Department and the Finance Department. The submissions were evaluated based on a set of preferred requirements including:

- Lowest equipment hourly rates (price);
- Age of equipment;
- Condition of equipment;
- Availability;
- Response time; and
- Previous experience of operator and performance.

Based on the overall evaluation, the evaluation team concluded that the 37 submissions received by the City all met the requirements outlined in the Request for Applications for Standing Offer Agreements, represent good value for the City and are below market rates. None of the submitting contractors have outstanding legal claims against the City.

The City utilizes their own fleet as a first priority and augments that fleet through hiring external equipment and operators. The external Contractors will be hired based on lowest price and availability.

## **SUSTAINABILITY CONSIDERATIONS**

This SOA supports the objectives of the City's Sustainability Charter 2.0. In particular, the procurement of hired equipment relates to the Sustainability Charter 2.0 themes of Public Safety, and Economic Prosperity and Livelihoods. Specifically, this SOA supports the following Desired Outcome ("DO") and Strategic Directions ("SD"):

- Emergency Preparedness and Prevention DO6: Surrey has proactive and coordinated emergency prevention measure in place, and can effectively deal with emergencies that arise;
- Emergency Preparedness and Prevention SD5: Build community resilience and capacity to respond effectively in an emergency; and
- Economy SD5: Ensure infrastructure is in place to support businesses as neighbourhoods develop.

## FUNDING

Funding for the supply of hired equipment is available in City-wide Operating and Capital budgets.

Scott Neuman, P.Eng.  
General Manager, Engineering

RK/cc

Appendix "I" – List of Hired Equipment Contractors

## APPENDIX “I”

### List of Hired Equipment Contractors

<b>Vender</b>	<b>Equipment Type</b>
ABC Pipe Cleaning Services	Flush truck, vacuum truck, grease cutting, root cutting, grout repairs
ABD Crane Services	Crane truck 30t fixed boom
Atlas Power Sweeping	Road sweeper,
Badger Daylight	Hydro excavator,
Bid Dig Excavating	Backhoe 8-10t, excavators, 1.7t, 6t, 7.5t, 14.5t, 24t zero swing, skid steer loader,
Bray Enterprises Ltd.	Tandem axle truck
DCH Excavating Ltd.	Tandem, Tridem axle truck, pup trailer, 16,000 litre water cart, backhoe 8-10t, excavators, 1.8t 5t, 7.5t, 8t, 8.5t, 9t, 11t, 14t, 16t long stick, 21t, 21t long reach, 22.5t, 24.5t, 33t, 34t, 34t long reach, 45t, 47t, dozer 650JD, 750JD, rollers, 7.5t vibrating roller, rubber tracked off road dump truck skidsteer loader,
Faubert Precision Excavating	Road sweeper, hydro excavator, flush truck, vac truck, wheeled excavator
Final Drive Investments	Sidewalk mower/loader
G & R Singh Son Trucking Ltd.	Tandem, tridem axle truck, pup trailer, 4 axle trailer
GS Bhullar Trucking	Tandem, Tridem axle truck, pup trailer
Green City Cleanup	60" zero turn mower
Gurj Bhinder	Tandem axle truck
Hans Trucking Ltd.	Tandem, tridem axle truck, pup, transfer trailer
Highland Lowbed	Low bed transporter
Kang Trucking	Tandem axle truck, pup trailer
Mar-Tech	Hydro Excavator, flush truck, vacuum truck, root cutting, camera reporting, grout repairs
McRaes Environmental	Sweeper, hydro excavator, flush truck, vacuum truck, grease cutting, root cutting, camera reporting
McRaes Septic Tank Service	Hydro Excavator, flush truck, vacuum truck, grease cutting, root cutting, camera reporting
Mission Contractors	Tandem axle truck, pup trailer, lowbed transporter, Backhoe 8-10t, Excavator, 3t, 13.5t, 20t 22t, 24t,25t long reach,30t,36t, grader
Par Bhullar Trucking Ltd.	Tandem, Tridem axle truck, pup trailer
Power Flagging & Traffic (Power Earth Management)	Flush truck, hydro excavating, grease cutting
Progressive Mowers	Side arm flail mower
Raj Bhinder	Tandem axle truck, pup trailer

<b>Vender</b>	<b>Equipment Type</b>
Sea to Sky Contracting	Tandem axle crane truck, single axle crane truck 5t & 3t, Tridem crane truck, trailers, 47t crane, 50t crane, 70t crane, 135t crane
Semiahmoo Bulldozing	Side arm flail mower
Spectra Tec Services	Road sweeper,
S Sidhu Trucking Ltd.	Tandem axle truck, pup trailer
Steve Murray Trucking	Tandem axle truck
Super Save Inc.	Road sweeper, hydro excavator, flush truck, vac truck, flush truck, vacuum truck, root cutter
Surjit Dhillon	Tandem axle truck, pup trailer
Transload Freightway	Tandem axle truck, pup trailer
Trico Excavating	Backhoe 8-10t, Excavator 7.5t, 13.5t, 20t, 36t, 36t long reach, Dozer 650JD
Triple J Trucking	Tandem axle truck, pup trailer
T Sekhon Trucking	Tandem axle truck, pup trailer
Vacterra Hydrovac (Horizon Earthworks)	Hydro excavator, flush truck
Vital Earthworks	Excavator 22t, dozer D6
W Mader Excavating & Trucking Ltd.	Tandem axle truck, pup trailer, Backhoe 8-10t, Excavator 3.5t, 5t, 7.5t, 12t, 13.5t, 16t, 20t, 21t, 25t, 24t, 29t, Dozer D6,