

NO: R169

COUNCIL DATE: September 16, 2019

REGULAR COUNCIL

TO: Mayor & Council **DATE: September 12, 2019**
FROM: Acting General Manager, Engineering **FILE: 1220-060-2019-004**
SUBJECT: Award of Standing Offer Agreement No. 1220-060-2019-004
Hired Equipment Procurement

RECOMMENDATION

The Engineering Department recommends that Council:

1. Approve the list of Hired Equipment Contractors, as per the attached Appendix "I" for a three-year term;
2. Authorize Standing Offer Agreement No. 1220-060-2019-004 in the amount of \$6,500,000 (including GST) for the procurement of Hired Equipment Contractors;
3. Set the expenditure authorization limit for Standing Offer Agreement No. 1220-060-2019-004 at \$7,200,000 (including GST and contingency);
4. Authorize the General Manager, Engineering to order Hired Equipment Vendors, as required, within the terms of Standing Offer Agreement No. 1220-060-2019-004; and
5. Authorize the General Manager, Engineering to release payments to the individual Hired Equipment Contractor under Standing Offer Agreement No. 1220-060-2019-004.

INTENT

The purpose of this report is to seek Council's approval to authorize a Standing Offer Agreement No. 1220-060-2019-004 for the supply of hired equipment contractors from the private sector for a three-year term from January 1, 2020 to December 31, 2022. The City reserves the right to re-open the Request for Standing Offers during the three-year term at the City's discretion. The Hired Equipment Contractors 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.

DISCUSSION

The Engineering Department's Operations Division is responsible for the provision of vehicles and heavy equipment to all City departments. The Engineering Department assigns equipment from the City-owned fleet to other departments, as requested, and tracks utilization while shifting equipment between departments, depending upon seasonal requirements and project needs. The City optimizes and utilizes the use of City-owned fleet as a first priority, and augments that fleet through hiring equipment and operators through the private sector on a case-by-case and as required basis. As such, the Engineering Department acts as a coordinated centralized service for the City's fleet, whether City-owned or privately-owned hired equipment. The types of equipment with operators hired from the private sector typically include tandem dump trucks, backhoes, excavators, sweepers and vacuum trucks.

At times when the equipment needed to maintain current workloads exceeds the resources of the City's fleet, staff hire equipment and services from the private sector to supplement its own resources. In so doing, the Engineering Department attempts to obtain those resources that exactly meet the resource needs of Operations staff, while ensuring the best value to the City.

Hired Equipment Contractors are not guaranteed any amount of business as a result of entering into a Standing Offer Agreement with the City. The City utilizes this Standing Offer Agreement to ensure all hired equipment is retained in a fiscally responsible and transparent manner, with the hired rates being well below standard market rates. Equipment will be hired with a priority given to the contractor with the lowest hourly rate that has the availability to provide the service. If the lowest rate contractor is not available, the City will proceed to retain the second lowest 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 hire equipment amongst the contractors.

Analysis has shown that City-wide the historic annual costs have averaged approximately \$6,500,000 (including GST) for various vendors under the Hired Equipment Program for use in both capital and maintenance work.

Program Objectives

The City is seeking the best combination of cost and performance from its Hired Equipment Vendors under this application process so that the 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.

QUOTATION RESULTS

In an effort to encourage greater private sector participation in the City's Hired Equipment Program, on March 27, 2019 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 27 submissions were received and included equipment supply in 16 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 the work of an evaluation team comprised of representatives from the Engineering Department and the Finance Department. The submissions were evaluated based on a set of preferred requirements including:

- 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 27 submissions received by the City all met the requirements outlined in the Request for Applications for Standing Offer Agreements and represent good value for the City and is 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 Hired Equipment Standing Offer Agreement will support 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 Standing Offer Agreement supports the following Desired Outcomes ("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.
Acting General Manager, Engineering

RK/cc

Appendix "I" – Request for Applications Results

Request for Applications Results

Vendor	Equipment Type
Mission Contractors	<ul style="list-style-type: none"> • Backhoe (8 to 10 t) • Dozer (10 t) • Excavators (4 t, 13.5 t, 20 t, 22 t, 25 t, 30 t and 36 t)
W Mader Excavating	<ul style="list-style-type: none"> • Backhoe (8 to 10 t) • Dozer (19 t) • Excavators (3.5 t, 5 t, 7.5 t, 12 t, 13.5 t, 16 t, 20 t, 21 t, 22.5 t, 24.5 t and 29 t) • Grader (940 - 14' blade) • Loader (1 yd) • Tandem • Tandem and Pup
Trico Excavating Inc.	<ul style="list-style-type: none"> • Backhoe (8 to 10 t) • Dozer (8.5 t) • Excavators (7.5 t, 13.5 t, 20 t, and 36 t)
DCH Excavating	<ul style="list-style-type: none"> • Backhoe (8 to 10 t) • Dozer (10 t) • Excavators (5 t, 7.5 t, 8 t, 14 t, 21 t, 22.5 t, 33 t and 34 t)
Sea to Sky Transfer	<ul style="list-style-type: none"> • Tandem Crane Truck • Tri-Drive Crane Truck
Progressive Mowers	<ul style="list-style-type: none"> • Flail Mower
Semiahmoo Bulldozing and Trucking Ltd.	<ul style="list-style-type: none"> • Flail Mower
Super Save Group of Companies	<ul style="list-style-type: none"> • Flush Truck • Hydro Excavator • Sweeper (7 yd) • Vacuum Truck
McRae's Tank Service	<ul style="list-style-type: none"> • Flush Truck • Hydro Excavator • Vacuum Truck
ABC Pipe Cleaning	<ul style="list-style-type: none"> • Flush Truck • Vacuum Truck
Mar-Tech Underground Services	<ul style="list-style-type: none"> • Flush Truck • Vacuum Truck

Vendor	Equipment Type
McRae's Environmental	<ul style="list-style-type: none"> • Flush Truck • Hydro Excavator • Vacuum Truck
Power Earth Management	<ul style="list-style-type: none"> • Hydro Excavator
ARM Contracting	<ul style="list-style-type: none"> • Mower (Lx340 Loader, Sidewalk Edger)
Atlas Power Sweeping	<ul style="list-style-type: none"> • Sweeper (7 yd)
McRae's Power Sweeping	<ul style="list-style-type: none"> • Sweeper (7 yd)
Spectratec Services Group (2002) Inc.	<ul style="list-style-type: none"> • Sweeper (7 yd)
Bray Enterprises Ltd.	<ul style="list-style-type: none"> • Tandem
Steve Murray Trucking	<ul style="list-style-type: none"> • Tandem
Final Drive Investments Ltd.	<ul style="list-style-type: none"> • Tandem
G&R Singh & Son Trucking	<ul style="list-style-type: none"> • Tandem • Tandem and 4 Axle Trailer • Tandem and Pup
KLM Contracting Ltd.	<ul style="list-style-type: none"> • Tandem • Tandem and Pup
I Bhullar Trucking Ltd.	<ul style="list-style-type: none"> • Tandem • Tandem and Pup
T Sekhon Trucking	<ul style="list-style-type: none"> • Tandem • Tandem and Pup
GS Bhullar Trucking	<ul style="list-style-type: none"> • Tandem • Tandem and Pup
Zappone Trucking Ltd.	<ul style="list-style-type: none"> • Tandem
Highland Low Bed	<ul style="list-style-type: none"> • Transporter